THE CARRIGAN LAWFIRM

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#### IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF MISSOURI WESTERN DIVISION

ARY JEWELERS, LLC.

Plaintiff,

٧.

CIVIL ACTION NO. 4:03-CV-00439

IBJTC BUSINESS CREDIT CORP. AND DAVID MOLINARIO,

Defendants.

EXPERT REPORT OF SHIRLEY WEBSTER

July 27, 2005

Respectfully Submitted,

Shirley Webster

713-739-0821

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# IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF MISSOURI WESTERN DIVISION

ARY JEWELERS, LLC.

Plaintiff,

v.

IBJTC BUSINESS CREDIT CORP.
AND DAVID MOLINARIO,

Defendants.

CIVIL ACTION NO. 4:03-CV-00439

#### ASSIGNMENT

1. I have been asked by The Carrigan Law Firm, counsel for ARY Jewelers, LLC ("ARY") to evaluate the economic damages, if any, resulting from the alleged wrongful acts of IBJTC Business Credit Corp. ("IBJTC") and David Molinario ("Mr. Molinario" or collectively, "Defendants"). It is my understanding that Defendants are alleged to have interfered with ARY's ability to obtain reasonable financing for ARY's planned acquisition of the Krigel's, Inc. ("Krigel's") chain of retail jewelry stores and to have breached Defendants' fiduciary duty to ARY. For purposes of my report, I have assumed that Defendants are found to have performed the wrongful acts as alleged, and I have calculated economic damages to ARY based, in part, on that assumption.

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#### QUALIFICATIONS

- 2. I am a Vice President of CRA International, Inc. ("CRA"). I have consulted on a variety of commercial disputes over the past twenty years. I have also lectured on the determination of economic damages to law firms and conferences. A copy of my resume, including my current and past employment and professional affiliations, a list of my testimony experience for the past four years, and a list of my publications in the past ten years, is included as Exhibit 1 to this report.
- 3. CRA is being compensated at my standard rate of \$385 per hour for my work performed in connection with this matter. CRA's compensation is not contingent upon the outcome of this litigation or the opinions I develop with regard to economic damages in this matter.

#### SUMMARY OF OPINIONS

4. Based on my review of the information available to me at this time, and on my education, training and experience, it is my opinion that ARY's economic damages resulting from the change in Foothill's financing terms for emergence financing for Krigel's (which is allegedly due to the wrongful acts of Defendants) can be reasonably determined by comparing the present value of the profits projected for Krigel's under the December 15, 2000 financing terms proposed by Foothill and the March 27, 2001 financing terms proposed by Foothill. It is my opinion that ARY's economic damages under this lost profits methodology is approximately \$3.1 million, excluding prejudgment interest.

#### INFORMATION REVIEWED

5. I, and professionals working under my direction and supervision, reviewed and analyzed certain documents in connection with my work in this matter and have conducted independent research, including interviews. The information I obtained and considered in preparing this report is presented in Exhibit 2.

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6. This report presents my analyses and opinions regarding ARY's economic damages resulting from the alleged wrongful acts of Defendants based on the information available to me as of the date of this report. It is my understanding that discovery in this matter is ongoing. As additional documents, data, information, or testimony become available, I reserve the right to consider this information and to modify or supplement this report or the opinions contained in this report if I find it appropriate to do so in light of any additional information made available to me. I understand that I may be asked to review the reports or testimony of experts engaged by Defendants. This may result in additional opinions that I may offer. Also, I may develop exhibits related to my analyses and conclusions for use at trial as an aid to the trier of fact.

#### BACKGROUND

- 7. ARY, and its owner, Haji Abdul Razzak, operate a gold bullion investment business and also operate several retail jewelry stores in Dubai. ARY has profitably operated these jewelry stores since approximately 1997. Part of the inventory for its jewelry stores, such as gold jewelry, gold chains and jewelry with semi-precious stones, is made in ARY's manufacturing and fabrication facilities in Dubai. ARY also has strong relationships with other suppliers, such as a watch-maker in Italy and diamond jewelry manufacturers and suppliers in India. The supply of inventory from its own manufacturing facilities and strong relationships with other suppliers assists ARY in reducing the cost of its inventory.
- 8. In 2000, ARY determined that an expansion of its retail jewelry business into the United States would be an advantageous business decision. ARY worked with a business broker and Gohar Husain to identify an appropriate acquisition target to use as an entry into the United States retail jewelry market. Mr. Husain had previously been

<sup>3</sup> Interview of Ayman Shahin, June 14, 2005

<sup>1</sup> Interview of Ayman Shahin, June 14, 2005

<sup>&</sup>lt;sup>2</sup> ARY Jewelry Profitability Summary

<sup>&</sup>lt;sup>4</sup> Interview of Haji Abdul Razzak and Shabana Razzak, May 13, 2005, Interview of Ayman Shahin, June 14, 2005

<sup>&</sup>lt;sup>3</sup> Interview of Haji Abdul Rezzak and Shabana Razzak, May 13, 2005, Interview of Ayman Shahin, June 14, 2005

<sup>&</sup>lt;sup>6</sup> Interview of Ayman Shahin, June 14, 2005

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with Service Merchandise, and therefore had experience with the retail jewelry business in the United States.<sup>7</sup> ARY planned to use an initial acquisition to enter the United States market and to serve as a base from which to expand to 200 or more stores.<sup>8</sup> ARY had evaluated the United States jewelry market and understood that most of the gold jewelry sold in the United States is 10k or 14k gold rather than the 18k or 21k gold demanded by its customers in Dubai. The cost of producing 10k and 14k gold jewelry is much lower than the cost to produce 18k and 21k gold jewelry because of the reduced gold content, and the achievable margins on 18k and 21k gold are lower than for 10k and 14k gold jewelry.<sup>9</sup> Therefore, ARY's analysis indicated that its margins in retail jewelry in the United States would be higher than its margins in Dubai.<sup>10</sup>

- 9. Krigel's was identified as a potential acquisition target for ARY. Krigel's owned and operated a chain of 21 retail jewelry stores in Kansas, Missouri and Ohio. Krigel's was family-owned and had been operated by the Krigel family since the business was established in 1910. In 1999 and 2000, Krigel's suffered financial setbacks and substantial losses.
- 10. In November 2000, ARY and Krigel's signed a Stock Purchase Agreement providing the terms under which ARY would acquire the stock of Krigel's. One of the provisions in the Stock Purchase Agreement was that:

Within four weeks from the date hereof Purchaser shall provide Seller with evidence of Foothill Capital's consent to the continued financing of Company's obligations to Foothill Capital. In the event Foothill Capital

<sup>&</sup>lt;sup>7</sup> Interview of Haji Abdul Razzak and Shabana Razzak, May 13, 2005

<sup>&</sup>lt;sup>8</sup> Jennifer Heebner, "Middle East Meets Midwest" High-Volume Jeweler, March 2001, ARY 01006

Interview of Ayman Shahin, June 14, 2005

<sup>&</sup>lt;sup>10</sup> Interview of Haji Abdul Razzak and Shabana Razzak, May 13, 2005, Interview of Ayman Shahin, June 14, 2005

<sup>11</sup> Interview of Haji Abdul Razzak and Shabana Razzak, May 13, 2005

<sup>12</sup> ARY 00939

<sup>&</sup>lt;sup>13</sup> Sherry Graham, "Retail Jewelry Business Booming in Wichita" Wichita Business Journal, October 22, 1990

<sup>&</sup>lt;sup>14</sup> Jennifer Heebner, "Middle East Meets Midwest" High-Volume Jeweler, March 2001, ARY 01006; ARY 01114

<sup>15</sup> Stock Purchase Agreement dated November 21, 2000, ARY 01162-77

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does not consent within the foregoing time period, this Stock Purchase Agreement and related agreements shall be void and of no further effect.<sup>16</sup>

- 11. ARY and Krigel's planned to have Krigel's file a "pre-packaged" bankruptcy in which the terms with Krigel's creditors would be agreed to prior to the filing and the emergence financing would be arranged prior to the bankruptcy filing.<sup>17</sup>
- 12. On December 15, 2000, Foothill Capital ("Foothill") provided a letter to Mr. Husain outlining proposed terms for emergence financing for the Krigel jewelry chain after being discharged from bankruptcy with Krigel's stock owned by ARY. ARY and Scott Krigel, President of Krigel's, found the terms offered acceptable, but not as attractive as desired. Therefore, financing terms were sought from additional financial institutions, including IBJ Whitehall. ARY received a proposal with favorable terms for emergence financing from IBJ Whitehall; however, on February 28, 2001, IBJ Whitehall notified Krigel's and ARY that it could not provide the discussed financing due to information obtained in IBJ Whitehall's background check on ARY Traders. The ARY Traders of the IBJ Whitehall's background check on ARY Traders.
- 13. On March 19 and 20, 2001, Foothill revised the Krigel's proposal, shortening the term to one year from three years, decreasing the amount that could be financed with inventory to 70 percent of net retail liquidation value, increasing the minimum availability requirement and adding a \$500,000 secured guarantee.<sup>23</sup> Internal Foothill emails stated that "We are going to do this deal for one reason only it is a clean exit (with fees) from Krigal's (sic). The cleaner we keep it the easier that will be to sell [to the credit committee]."<sup>24</sup>
- 14. On March 20, 2001, Foothill provided ARY with a draft revised proposal for emergence financing, with greater restrictions on financing against Krigel's inventory

<sup>16</sup> Stock Purchase Agreement dated November 21, 2000, ARY 01171

<sup>&</sup>lt;sup>17</sup> Stock Purchase Agreement dated November 21, 2000, ARY 01171-72

<sup>18</sup> F 00357-61

<sup>&</sup>lt;sup>19</sup> ARY 00677, ARY 00891

<sup>&</sup>lt;sup>20</sup> ARY 00944

<sup>21</sup> ARY 02028

<sup>&</sup>lt;sup>22</sup> ARY 01744

<sup>&</sup>lt;sup>23</sup> ARY 00354, ARY 00347-51, ARY 00352

<sup>24</sup> ARY 00354

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and larger requirements for available balances.<sup>25</sup> ARY alleges in this litigation that the change in terms was due to Defendants contacting Foothill, knowing that Foothill was negotiating financing for ARY, and accusing ARY of being involved in "embezzling, bribery for contracts to mint gold coins for the Olympic games being help in Sydney, Australia, and other illegal conduct."<sup>26</sup> Mr. Husain responded to Foothill that the March 20 term sheet would make it "almost impossible for us to come up with the fund" and included terms that were like "breaking the camel's back."<sup>27</sup>

- 15. Krigel's also responded to the "dramatic changes" in Foothill's proposed emergence financing. 28 Krigel's specifically objected to:
  - Decreasing the inventory advance rate from 90 percent of net retail liquidation value to 70 percent of net retail liquidation value;
  - Increasing the unused loan availability to \$5 million, causing the opening loan balance to decrease to only \$1.2 million; and
  - Requiring a one percent loan origination fee on a one year facility, especially
    when under the terms offered by Foothill, Krigel's would only be able to use a
    fraction of the stated \$12 million line.<sup>29</sup>
- 16. Although Foothill modified some of the revised terms, such as reducing the unused loan availability from \$5 million to \$2 million, when it issued its proposed financing terms on March 27, other disadvantageous terms remained, including the reduction in the percentage advanced against inventory to 70 percent of net retail liquidation value.<sup>30</sup> An additional condition was also added to the Conditions Precedent section of the March 27, 2001 emergence finance proposal letter from Foothill. Condition (k) required

<sup>&</sup>lt;sup>25</sup> ARY 00347-51

<sup>&</sup>lt;sup>26</sup> First Amended Complaint, paragraph 33532

<sup>&</sup>lt;sup>27</sup> ARY 00352

<sup>&</sup>lt;sup>28</sup> ARY 00355-6

ARY 00355-6

<sup>30</sup> ARY 01061-65

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"background evaluations satisfactory to [Foothill] of ARY, LLC's owners and management."31

- 17. According to Krigel's analysis, under the revised terms, Krigel's would be able to obtain a loan balance of only \$4.8 million at closing for the emergence financing after reducing the loan capacity under the revised terms of \$6.8 million by the required \$2 million excess loan availability, or more than \$3 million less than Krigel's loan balance with Foothill as of March 31, 2001.<sup>32</sup>
- 18. ARY held additional meetings with Foothill regarding the change in financing terms; however, Foothill refused to offer the terms available at the date the Stock Purchase Agreement was signed. Therefore, on April 5, 2001, ARY informed Mr. Krigel that ARY would not proceed with its acquisition of Krigel's since Foothill had not provided the required consent for continued financing.<sup>33</sup>

#### **ANALYSIS**

19. I have been asked to determine the economic impact on ARY of the change in financing terms offered by Foothill allegedly as a result of the information provided to Foothill by Defendants. It is my understanding that due to the change in financing terms, the business judgment of ARY was that it had to withdraw from its planned acquisition of Krigel's. ARY informed me that it was unable to obtain alternative financing from another institution because of the timing required to obtain financing for Krigel's to exit bankruptcy. After the failed acquisition of Krigel's by ARY, lawsuits were filed against ARY by Krigel's and Krigel's creditors. Due to the litigation, ARY informed me that \$1.5 million of its funds were frozen for years and an additional \$0.5 million for several months. As a result, ARY was reluctant to bid for Krigel's when it was sold at auction. In addition, ARY informed me that there was concern that more lawsuits would be filed against ARY if it bid for Krigel's at auction or if it pursued other acquisition opportunities.<sup>34</sup> Therefore, I have determined ARY's economic damages due to the

<sup>31</sup> ARY 01064

<sup>32</sup> ARY 01075

<sup>33</sup> ARY 01982-6

<sup>34</sup> Interview of Haji Abdul Razzak and Shabana Razzak, May 13, 2005

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change in Foothill's financing terms, allegedly caused by the acts of Defendants, by calculating the difference in the projected profits of Krigel's under the December 15, 2000 financing terms from Foothill and the projected profits under the March 27, 2001 financing terms from Foothill.

- 20. The projected profits under each financing alternative are based on financial projections prepared by Krigel's. For the December 15, 2000 financing terms, Krigel's prepared a monthly financial projection for its fiscal year ended February 28, 2002<sup>35</sup> and an annual projection for three years.<sup>36</sup> The assumptions used in the three year projection have been continued for the remainder of the projection period in the lost profits analysis. For the March 27, 2001 financing terms, Krigel's prepared a monthly financial projection for its fiscal year ended February 28, 2002.<sup>37</sup> The differences in the two annual projections were primarily related to the change in financing terms; however, certain expense categories appear to have been adjusted for reasons other than the change in financing terms. I have modified these changed expenses to be consistent with the December 2000 projections so that the differences in the two projections reflect the change in financing terms and not other changes in expenses.
- 21. Profits under the two financing alternatives are considered from March 1, 2001 through February 28, 2006. The analysis of lost profits is terminated as of February 28, 2006 assuming the current dispute is resolved to a judgment by that date and there would no longer be any obstacle to ARY entering the United States retail jewelry market, if it so chose.
- 22. The present value of the lost profits of ARY as of March 27, 2001 under the December 15 financing terms are calculated using a discount rate of 10.9 percent, or the calculated weighted average cost of capital of ARY under the December 15 financing terms.<sup>38</sup> The present value of the lost profits of ARY as of March 27, 2001 under the March 27 financing terms are calculated using a discount rate of 12.5 percent.<sup>39</sup> with the

<sup>35</sup> ARY 00387-8

<sup>&</sup>lt;sup>36</sup> ARY 00995

<sup>&</sup>lt;sup>37</sup> ARY 01129

<sup>38</sup> see Exhibit 6

<sup>39</sup> see Exhibit 6

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higher discount rate reflecting the weighted average cost of capital under the March 27 financing terms and the greater risk of the one year financing period in these terms, as compared with the three year loan term under the December 15 financing terms.

- 23. The present value of ARY's projected profits under the March 27, 2001 financing terms is approximately \$3.1 million less than the present value of ARY's projected profits under the December 15, 2000 financing terms. It is my opinion that the \$3.1 million decrease in present value of ARY's projected profits reflects economic damages to ARY from the change in financing terms. The calculation of lost profits is shown on Exhibit 3.
- 24. The calculation of economic damages is based only on the decrease in profits due to the change in financing terms and does not reflect the dollar amount of the higher capital infusion by ARY required under the March 27, 2001 financing terms as compared to the December 15, 2000 financing terms. Under the terms of the March 27 financing terms, the inventory borrowing base was restricted to 70 percent of the net retail liquidation value of inventory. 40 The appraisal by Ozer Valuation Services determined the net retail liquidation value of Krigel's inventory to be approximately 80 percent of inventory at cost.41 As a result the inventory borrowing base would be 56 percent of inventory levels, or approximately \$6.2 million. Adding the accounts receivable borrowing base of approximately \$0.6 million results in an estimate loan capacity of \$6.8 million, or \$1.4 million less than the estimated loan balance as of March 31, 2001.<sup>42</sup> That difference would be additional required capital from ARY. This calculation of additional capital requirement from ARY at loan closing is also reflected in the changes in the weekly cash flow projections from March 10 to projections from March 24.43 Weekly cash flow projections and an accompanying memo also reflect the need for additional capital infusions from ARY of at least \$1 million.44

<sup>&</sup>lt;sup>40</sup> ARY 00357

I APV OIST

<sup>42</sup> A DV 01076

<sup>43</sup> ARY 01003, ARY 01078

<sup>44</sup> ARY 01082-7

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25. I have evaluated the reasonableness of the projected revenues and profits using data from other retail jewelry businesses and based on the opportunity for ARY to reduce Krigel's cost of goods sold. According to the appraisal of Krigel's prepared by Ozer Valuation Services, Krigel's financial condition caused it to accept higher prices for its inventory from its suppliers in exchange for longer financing terms. 45 By improving Krigel's financial condition, ARY could have been expected to obtain lower prices for its inventory in return for more rapid payment to its suppliers. In addition, as discussed above, ARY manufactures much of its own gold jewelry and also bad established relationships with jewelry suppliers from operating its jewelry stores in Dubai. I understand from ARY that many of the same suppliers could have provided inventory to the Krigel's stores. 46 Increased purchases from suppliers with which ARY had strong relationships and supplying inventory from its own gold jewelry manufacturing would offer ARY further opportunities to decrease the cost of goods sold at Krigel's, thereby improving the profitability of Krigel's. The projected increase in gross profits at Krigel's from 48.6 percent to 55 percent<sup>47</sup> is reasonable in comparison to the gross profits achieved by other retail jewelry chains in the United States. 48

#### PREJUDGMENT INTEREST

26. Prejudgment interest is calculated in order to make the plaintiff whole for the period the plaintiff was deprived of the amount of recovery determined to be due the plaintiff. It is my understanding that the Court may determine that it is appropriate to award prejudgment interest in this matter. If appropriate, I will provide calculations of prejudgment interest to assist the court with this issue.

<sup>47</sup> ARY 01114, ARY 00995

48 see Exhibit 7.

<sup>45</sup> ARY 01631

Interview of Ayman Shahin, June 14, 2005

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Exhibit 1

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SHIRLEY WEBSTER 1600 Smith Street, Suite 4900 Houston, Texas 77002 713.332.0650; fax 713.332.0660

**POSITION** 

Vice President, CRA International, Inc., Houston Office.

**EDUCATION** 

B.A. in Economics from the University of Texas at Austin in 1975 A.B.D. in economics, including coursework and exams for a Ph.D., at the University of North Carolina at Chapel Hill, 1977 M.B.A. from Houston Baptist University in 1982

RANGE OF EXPERIENCE Antitrust, patent infringement, use of trade secrets, trademark infringement, intellectual property and business valuation, product liability, fraud/misappropriations, lender liability, breach of contract, franchisor/ franchisee disputes, breach of fiduciary duty, personal injury/wrongful death/wrongful termination and dissident shareholder actions

PROFESSIONAL AND BUSINESS HISTORY CRA International, Inc. (formerly InteCap, Inc. and TDRC, Inc.) 1999 - present

PricewaterhouseCoopers LLP (and predecessor, Coopers & Lybrand LLP)

Financial Advisory Services (Dispute Analysis Group), 1994 – 1999

KPMG Peat Marwick L.L.P

Corporate Transactions Consultant (Litigation Group)

Managing Director: 1993 – 1994 Senior Manager: 1988 - 1993

Price Waterhouse LLP

Dispute Analysis & Corporate Recovery Group, 1984 - 1988

Manager: 1985 - 1988

Senior Consultant: 1984 - 1985

Turner Collie & Braden (Consulting Engineers)
Financial Analyst, Rate Consultant and
Airport Planner 1978 – 1984

Stewart Research (Real Estate Consulting) Economist 1977 - 1978

University of North Carolina at Chapel Hill Teaching Assistant / Research Assistant Department of Economics 1975 – 1977

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EXAMPLES OF PROFESSIONAL AND BUSINESS EXPERIENCE

#### **Antitrust Cases**

Prepared a model calculating cash flows for a coal slurry pipeline for a thirty-year contract period for a joint venture whose development of the pipeline was prevented due to alleged antitrust violations.

Calculated lost profits for a construction company in multiple market areas relating to a predatory pricing action. Model development required reconstruction of financial records of both plaintiff and defendant, research into sources for relevant national and local market data and use of a variety of analytical methods including regression analysis and ratio analysis.

Determined product market and geographic market in which a type of offshore oilfield equipment competed. Evaluated if there were any competitive impact in the product or geographic markets in which the equipment competed from the use of patented technology and the inclusion of the patented technology as one alternative in various standards.

Determined if geographic restrictions included in a license agreement resulted in a reduction of competition in the market. The current value of the licensed technology was assessed. Various products were analyzed to determine the competitors in each industry and the competitive concentration in each relevant industry.

#### **Breach of Contract Cases**

Calculated lost profits of a software developer and consulting firm using a financial model based on the company's past financial performance and on the market potential for new products under development at the time of a contract breach by a significant customer.

Critiqued calculations of lost profits for various small businesses claiming lost profits due to a municipality failing to fulfill terms of agreement for assisting small and minority businesses relating to Community Block Grant Funds. Testified as to the economic conditions which were impacted the ability of the companies to achieve the desired level of profitability.

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EXAMPLES OF PROFESSIONAL AND BUSINESS EXPERIENCE (continued) Served as arbitrator in a multi-million dollar contract dispute regarding performance by a service contractor providing warranty service for computer warranty claims. Claims of several types were included in this dispute. Specific claims under each category were sampled and tested, data from the records of both parties were assessed and processes of both companies were examined in order to determine an appropriate settlement amount. The proposed settlement amount was accepted by both parties.

#### Fraud/Misappropriation Cases

Conducted an inquiry into misappropriations from an energy company by a company executive. Prepared a report documenting findings which was accepted by the SEC.

Conducted an inquiry into misappropriations by an employee in the accounting department of an energy company, including conducting interviews with the subject of the inquiry.

Conducted an inquiry into misappropriations by a senior officer of an investment company, including analyzing the books and records of the company, tracing of funds through multiple investments and analyzing the personal financial position of the officer

Conducted inquiry into a misappropriation involving approximately \$8 million taken from the U.S. subsidiary of a Japanese company by two officers of the U.S. subsidiary. The engagement included tracing the funds through several bank accounts and brokerage accounts with transfers of funds using checks and wires, both from the company and from customers. In addition, the books and records of the company were analyzed to determine the methods of concealment of the fraud which included misleading and altered accounting entries. This analysis used the accounting records as printed out over time as well as computer files.

#### Patent Infringement - Lost Profits

Evaluated losses due to patent infringement, determining based on a market share analysis, the losses for which lost profits were the appropriate measure of damages and the share on which a reasonable royalty should be recovered. Calculated lost profits and reasonable royalty damages. Critiqued damage analysis prepared by plaintiffs.

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EXAMPLES OF PROFESSIONAL AND BUSINESS EXPERIENCE (continued) Determined lost profits resulting from infringement of a patent relating to rehabilitation of concrete. Analyzed company records to determine manufacturing and marketing capability to make lost sales and to determine the incremental margin on the lost sales.

Calculated lost profits due to patent infringement related to a process for rehabilitating underground pipe. Evaluated market competitors to ascertain basis to claim lost profits. Analyze past contracts to calculate incremental margins. Critiqued damage assessment prepared by defendants.

Evaluated lost profits due to patent infringement in the medical products industry using market share analysis and determination of incremental profits. Determined appropriate royalty base and royalty rate for sales on which lost profits could not be claimed. Critiqued damage analysis prepared by plaintiff.

#### Patent Infringement - Reasonable Royalty

Determined the reasonable royalty for alleged patent infringement in the semiconductor industry, as well as the appropriate base to which the royalty should be applied.

Calculated the reasonable royalty appropriate for the one time infringement of a patent in the energy industry. Consideration was given to industry practice, other licenses and the benefits derived from the use of the patent.

Determined the reasonable royalty necessary to adequately compensate a major chemical company for damages resulting from infringement of a patent related to motor oil additives. Analyzed the cost savings of the infringer and the savings of research and development costs as part of the basis for the calculation of the infringement.

Determined the reasonable royalty for patent infringement suit involving a design patent as well as a utility patent for a fishing reel. Evaluated royalties paid by the defendant on other licensing agreements and the contribution of those patents to the commercial success of various products as compared to the patent at issue.

Determined the reasonable royalty for a patent infringement suit brought by a university against a major pet food company relating to dog food.

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EXAMPLES OF PROFESSIONAL AND BUSINESS EXPERIENCE (continued)

#### Use of Trade Secrets

Testified in an arbitration on the economic damages resulting from the misappropriation of trade secrets incorporated in software used in automobile dealership management. Assessed the benefits to the defendant from its alleged use of the trade secrets, including determination of unjust enrichment and considered the value of the trade secrets.

Testified in an arbitration regarding the economic damages resulting from the alleged misappropriation of trade secrets in the oil and gas equipment industry. Evaluated the amount of unjust enrichment resulting from the alleged misappropriation, the cost of development of the trade secret and the value of the trade secrets.

Consulted with a chemical company to determine the value of trade secrets licensed under a cross-licensing agreement.

Developed a lost profits claim resulting from the misappropriation of trade secrets by the foreign competitor of a U.S. company in a semi-conductor equipment industry. Analyzed market conditions and competitors, specific lost contracts and the price erosion impact resulting from the misappropriation of the trade secrets. Analyzed the appropriate allocation of overhead to determine lost profits.

Critiqued a lost profits claim based on alleged misappropriation of trade secrets by a company in the energy services industry, including assessment of market trends, market share analysis, convoyed sales claims and price erosion claims.

#### Trademark Infringement

Analyzed a major railroad's damages of resulting from the unauthorized use of its trademark in a music video to promote a recording.

Analyzed damages resulting from the use unauthorized use of a well known trademark by a company selling software, personal computers and electronics.

Assessed damages resulting from the unauthorized use of a trademark of a national affiliation of retail stores.

Analyzed value of the trademark of a software company.

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EXAMPLES OF PROFESSIONAL AND BUSINESS EXPERIENCE (continued)

#### Copyright Infringement

Analyzed the damages of a major business software company resulting from copyright infringement of its software.

Analyzed damages of a toy inventor from the copyright infringement of a line of dolls by a major manufacturer.

#### Lender Liability/Destruction of Business

Analyzed the damages of an oil trading company that went out of business after a bank withdrew a line of credit.

Analyzed impact on an insurance agency of a withdrawal of rights by an insurance company.

#### Energy

Calculated the reservation fee due to a producer from a pipeline company under a gas purchase contract.

Calculated imbalances for six parties in a dispute regarding more than twenty wells over a period of more than fifteen years.

Assessed pricing and determined correct royalty payments in numerous royalty disputes.

Evaluated refinery operations and costs to determine value of refinery by-product.

Evaluated volumes and pricing related to gas pipeline dispute.

Analyzed pricing issues related to dispute between various energy companies and governmental entities regarding the pricing of oil used as the basis for payments to the governmental entities.

#### ERISA

Testified regarding the excess amounts withheld from paychecks of employees for various categories of employee benefits and not paid to the designated recipient in an ERISA claim against the employer.

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EXAMPLES OF PROFESSIONAL AND BUSINESS EXPERIENCE (continued)

#### Franchise and Distributor Disputes

Testified critiquing the damage claim of an auto repair/tire sales franchisee relating to the losses incurred by the franchise. Analysis of expenses charged to the franchise store by the franchisee revealed significant personal expenses charged to the business.

Prepared a damage calculation for a franchise with an area franchise agreement based on the lost profits from the planned multi-unit development of franchise operations in the area.

Calculated the value of a distributorship that was terminated by a heavy equipment manufacturer. Analyzed past operations of the distributorship and market conditions to develop reasonable projections of the business had it continued. Identified and evaluated several comparable public companies to assist in the determination of the market value of the distributorship.

#### Breach of Fiduciary Duty

Evaluated the assets and liabilities of an estate over time in supporting an action questioning the management of the estate by an independent executor. Determined the estate value at various points in time using multiple 149A filings, documents relating to a corporation owned by the deceased, insurance policies, tax filings and records of estate transactions.

Analyzed management of investment accounts by various broker/dealers with regard to evaluating allegations of chuming and other inappropriate activities in managing the funds in the accounts.

#### **Dissident Shareholder Actions**

Prepared a valuation of stock as a court-appointed appraiser in a dissident shareholder action. Evaluated the company's assets and liabilities using financial statements, tax records and lease records. Determined impact of related party transactions on company assets and liabilities. Evaluated appropriate adjustment for controlling and minority interest shares.

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EXAMPLES OF PROFESSIONAL AND BUSINESS EXPERIENCE (continued)

#### Personal Injury / Wrongful Termination / Wrongful Death

Performed analyses of losses due to personal injury, wrongful termination and wrongful death, including loss of earnings, loss of benefits, and additional costs incurred such as retraining costs and the cost of household services.

#### Valuation

Prepared valuations of businesses in a variety of industries, including heavy equipment, warehousing and food distribution.

Assessed the value of intellectual property in industries such as medical technology, energy and manufacturing.

#### Reorganization

Analyzed the business segments of a construction and engineering company which was out of compliance with its loans. This analysis included evaluating the causes of the losses on previous contracts and the measures which the company had implemented to correct previous operational problems. Management of the company and its ability to direct additional necessary changes was also evaluated. In analyzing the projections prepared by the company, company capacity and existing backlogs were evaluated.

Evaluated a proposed plan of reorganisation on behalf of a major creditor and testified regarding the feasibility of the debtor achieving the projections proposed in the plan.

SPEECHES, ARTICLES AND TEACHING EXPERIENCE

#### Speeches

Various presentations to law firms for continuing legal education credit on topics such as Determination of Economic Damages in Intellectual Property Disputes, Determining Economic Damages in Lanham Act Disputes, Valuing Intellectual Property, Calculation of Lost Profits, Calculation of Damages for Personal Injury/Wrongful Termination/Wrongful Death and Presentation of Economic Damages

"Patent Damages: Beyond Panduit and Georgia-Pacific", Presentation to Licensing Executive Society Technology Transfer Meeting, 1999.

"Valuing Intellectual Property", Presentation to Oklahoma Licensing Executive Society Meeting, 2000.

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SPEECHES, ARTICLES AND TEACHING EXPERIENCE (continued)

- "Antitrust Implications of Patent Settlements," State Bar of Texas Annual Meeting, IP Section, June 2002.
- "IP Valuation: Real World Licenses v. The Hypothetical License in Litigation" Patent Lawyers Club of Washington, DC and Northern Virginia, October 28, 2002
- "Monetizing IP in a Down Market", The University of Texas School of Law, 7th Annual Advanced Patent Law Institute, Austin, Texas, November 1, 2002
- "Determining Economic Damages in Trade Secrets Litigation", lecture at University of Houston Law School, March 2003
- "Licensing and Competition: FTC/DOJ Views", LES Washington, DC chapter, May 2003
- "Current Topics in IP Licensing and Litigation", Patent Lawyers Club of Washington, DC and Northern Virginia, September 2003 "Report from the Cutting Edge: Current Antitrust Issues in Patent Cases", 8<sup>th</sup> Annual Advance Patent Law Institute, Austin, Texas, October 31, 2003
- "Economic Damages Under the Lanham Act", lecture at University of Houston Law School, November 2003
- "How Do I Develop Strategies to Maximize the Gold?", Law Seminars International Mining Your Patent Portfolio, December 2003
- "How Economics Works", Texas Bar CLE on Real Damages after House Bill 4, February 2004
- "Determining Economic Damages in Trade Secrets Litigation", lecture at University of Houston Law School, March 2004
- "Standard Setting Issues", IP Licensing Nuts and Bolts 2005, Houston, March 3, 2005

#### <u>Articles</u>

"Determining the Value of a Foreign Market for a Drug in Clinical Testing" - les Nouvelles, Journal of the Licensing Executives Society, September 2000 (co-authored with Patrick McLane).

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SPEECHES, ARTICLES AND TEACHING EXPERIENCE (continued)

#### Articles (continued)

"Standard Setting Under the Microscope" - Managing IP, October 2004 (co-authored with Stafford Matthews, Robert S. Harrell, and V. Walter Bratic).

"How Patent Pools Can Avoid Competition Concerns" - Managing IP, April 2005 (co-authored with Stafford Matthews, Robert S. Harrell, and Walter Bratic).

"Analyzing and Presenting Business Damages", Houston Bar Association, May 17, 2005.

#### Macroeconomic Principles

Taught topics including unemployment/full employment, economic growth/gross national product, and monetary and fiscal policies.

#### Internal Courses

Taught Lost Profits Course to Coopers & Lybrand Litigation Services professionals (Associates through Partners) 1995 – 1996

Taught Intellectual Property Litigation to PricewaterhouseCoopers professionals (Managers through Partners) 1998

PROFESSIONAL BUSINESS, AND COMMUNITY AFFILIATIONS Member, Licensing Executive Society

Member, Women's Energy Network

Past President, National Association for Business Economics, Houston Chapter

Member, National Association for Business Economics

Member, International Association for Energy Economics, Houston Chapter

Past President, Texas Accountants and Lawyers for the Arts

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## Shirley Webster

## **Expert Testimony Past Four Years**

Juan Mireles and Erin Mireles v. Stapleton Corporation, State Court, Gillespie County Texas (trial testimony)

Alan R. Stahlman and Suzanne Stahlman v. Northern Trust Bank of Texas, N.A., State Court, Harris County, Texas (deposition testimony)

CFS Bakel B.V. v. Stork Gamco and Stork Titan B.V., Federal Court, Delaware (deposition testimony)

Gwen Vandergriff v. Hydrochem Industrial Services, Inc., State Court, Harris County, Texas (trial testimony)

Ronald H. Presler, et ux v. Lincoln Electric, et al., State Court, Brazoria County, Texas (trial and deposition testimony)

Halliburton Energy Services, Inc. v. Smith International, Inc., Federal Court, Tyler, Texas (trial testimony)

Johnny Devoltz v. Britain Electric Company, State Court, Harris County, Texas (deposition testimony)

CAPS Logistics v. H. Donald Ratliff and William Nulty, Arbitration, Georgia, (deposition and arbitration testimony)

Verna Clark, et al. v. Agrium U.S., Inc., State Court, Hutchinson County, Texas (deposition testimony)

Puritan-Bennett Corp., et al. v. Penox Technologies, Inc., et al., Federal Court, Indianapolis, Indiana (deposition testimony)

Mary Harrell, et al. v. Reagan National Advertising of Austin, Inc., Federal Court, Austin, Texas (deposition testimony)

Goss, et al. v. Kellogg Brown & Root, et al. State Court, Houston, Texas (deposition testimony)

Walter Conway v. Lenzing Aktiengesllschaft, Federal Court, Houston, Texas (deposition testimony)

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Universal Computing Service, Inc., et al. v. Dealer Solutions, et al. Houston, Texas (deposition and arbitration testimony)

Tommy Dickerson v. Temple Inland Forest Products Corp. State Court, Angelina County, Texas (deposition testimony)

Seitel, Inc. v. Herbert M. Pearlman, Federal Court, Houston, Texas (deposition testimony)

Everett Wayne White v. Carbis, Inc., State Court, Houston, Texas (trial and deposition testimony)

Safoco, Inc. v. Cooper Cameron Company, State Court, Houston, Texas (deposition and arbitration testimony)

Braden St. John Brown v. Swett & Crawford of Texas, Inc. f/d/b/a/ Insurance Brokers Services, Inc. of Texas, et al., State Court, Houston Texas (deposition testimony)

Lesley Wortman v. ExxonMobil, State Court, Houston, Texas (trial testimony)

Texas Gulf Bank, et al. v. Allright Parking Texas, Inc., et al., State Court, Houston, Texas (deposition and trial testimony)

George M Construction, et al. v. TJ&T Enterprises, et al., State Court, Houston, Texas (deposition testimony)

Ford Dealer Computer Services, Inc. n/k/a Dealer Computer Services, Inc. v. Jim Marsh Ford, Inc., Arbitration (deposition and arbitration testimony)

Circa 2K Gifts, Inc. v. TY, Inc., Federal Court, Eastern District of Texas (deposition testimony)

Joseph F. Mazoch v. Cherry Moving Company, Inc. d/b/a Cherry Demolition, and Marathon Ashland Petroleum Company, State Court, Galveston, Texas (deposition testimony)

Black Max Downhole Tools, Inc. v. Pegasus Directional Drilling Limited Partnership, et al., State Court, Houston, Texas (deposition testimony)

Maria Martinez, et al. v. Phillips Petroleum Company, et al., State Court, Houston, Texas (deposition and trial testimony)

Trema Jean Morris, et al. v. Archer-Daniels-Midland, et al., State Court, Houston, Texas (deposition and trial testimony)

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Exhibit 2

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Exhibit 2

ARY Jewelers, LLC. v. IBJTC Business Credit Corp. and David Molinario

#### List of Documents Reviewed

#### Documents With Bates Number

Bates Prefix	Beginning Bates	Ending Bates
ARY	00180	00421
ARY	00424	00482
ARY	00493	00518
ARY	00582	00618
ARY	00677	00684
ARY	00745	00746
ARY	00753	00795
ARY	00797	00801
ARY	00844	00859
ARY	00870	00891
ARY	00923	00933
ARY	00939	00953
ARY	00956	00968
ARY	00973	
ARY	00989	
ARY	00995	00996
ARY	00998	01000
ARY	01003	
ARY	01005	01006
ARY	01014	01015
ARY	01018	01019
ARY	01030	01037
ARY	01049	01052
ARY	01055	01072
ARY	01075	
ARY	01078	01087
ARY	01091	01108
ARY	01114	01136
ARY	01147	01149
ARY	01151	01222
ARY	01608	01669
ARY	01674	01733
ARY	01742	01873
ARY	01927	01930
ARY	01947	01952
ARY	01955	01967
ARY	01982	01991
ARY	01994	02003
ARY	02006	02035
F	00352	00361

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Exhibit 2

ARY Jewelers, LLC. v. IBJTC Business Credit Corp. and David Molinario

#### List of Documents Reviewed

#### Legal Filings

First Amended Complaint

#### Depositions & Exhibits:

Deposition of Albert A. Armstrong, Jr, December 11, 2001 Deposition of Scott Krigel, January 18, 2002

#### Other Documents/Independent Research

DGSE Companies, Inc. Form 10-K, fiscal year ended December 31, 2004
Finlay Enterprises, Inc. Form 10-K fiscal year ended January 29, 2005
Friedman's Inc. Form 10-K fiscal year ended September 28, 2002.
Mayor's Jewelers, Inc. Form 10-K, fiscal year(s) ended March 26, 2005 and 2004.
Reads Jewelers, Inc. Form 10-K, fiscal years ended February 28, 2003 and 2002.
Samuels Jewelers, Inc. Form 10-K, fiscal year ended June 1, 2002.
Tiffany & Co. form 10-K, fiscal year(s) ended January 31, 2005, 2004 and 2002
Whitehall Jewellers, Inc. Form 10-K, fiscal year ended January 31, 2005 and 2004.
Zale Corporation Form 10-K, fiscal year ended July 31, 2004.

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Exhibit 3

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ARY Jewelers LLC v IBJTCC Business Credit Corp and Davie Molinario

Exhibit 3

#### **ARY Lost Profits**

Net Present Value of Krigel's Net Income Before Taxes as of 03/27/01 for the period 3/01/01 - 2/28/06 December 2000 Emergence Financing Terms

\$ 6,446,129

Net Present Value of Krigel's Net Income Before Taxes as of 03/27/01 for the period 3/01/01 - 2/28/06 March 27, 2001 Emergence Financing Terms

3,361,668

ARY Lost Profits due to change in financing terms

\$ 3,084,461

#### Sources:

- 1. Exhibit 4 based on documents dated 12/4/00.
- 2. Exhibit 5 based on documents dated 04/2/01.

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Exhibit 4

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ARY Jewelers, LLC, v. 18JTC Business Credit Corp. and David Molinario

0.00         \$ 30,784,242         10,000,8         \$ 30,284,422         10,000,8         30,237,444         10,000,8         30,237,444         10,000,8         30,241,444         10,000,8         30,000,744         10,000,8         30,000,744         10,000,744	Yaar Ended Feb. 28	2001 Historical	7.	2002 Projected 2.3	2,3	2903 Protected 3	m.	2004 Projected 3	ú	2005	7	2006	7
5.2.48.11,330         10.00%         \$ 3.2,788.479         10.00%         \$ 3.2,44,422.2         10.00%         \$ 3.5,44,444         15.274,994         45.0%         15.274,994         45.0%         15.024,328         45.0%         15.024,328         45.0%         15.024,328         45.0%         15.024,328         45.0%         15.024,328         45.0%         15.003,328         45.0%         15.003,328         45.0%         15.003,328         45.0%         15.003,328         45.0%         15.003,328         45.0%         15.003,328         19.0%         10.03,328         19.0%         10.03,328         19.0%         10.03,328         19.0%         10.03,328         19.0%         10.03,328         19.0%         10.03,328         19.0%         10.03,328         19.0%         25.04,442         10.03,328         19.0%         10.0%         35.0%         10.03,328         19.0%         10.0%         35.0%         10.03,328         19.0%         10.0%         35.0%         10.03,328         10.0%         35.0%         10.03,328         10.0%         35.0%         10.03,328         10.0%         35.0%         10.03,328         10.0%         35.0%         10.03,238         10.0%         35.0%         10.03,238         10.0%         35.0%         10.03,238         10.0%         35.0%			•			nonofo.		nonofo.	_	and of the same	3	a specie	2
12,740,0593   11,4%   15,028,139   45,8%   14,870,059   45,0%   15,038,050     12,070,531   48,6%   45,760,284   2.9%   17,457,024   45,0%   15,038,052     12,070,531   16,%   45,1063   1.5%   47,3616   1.5%   497,297   1.5%   294,332   2.9%   10,033,002     12,070,531   16,%   45,1063   1.5%   473,516   1.5%   497,297   1.5%   202,162     12,08,540   0.5%   123,154   0.4%   123,312   0.4%   135,777   0.4%   142,266     12,09,631   1.6%   44,077   1.4%   45,078   0.1%   45,078   0.1%   2.2%     12,09,631   1.6%   45,1063   1.5%   2.26,425   1.7%   2.49,491     12,00,831   1.6%   44,077   1.4%   45,078   0.1%   46,068     12,00,831   1.6%   44,077   1.4%   45,078   0.1%   416,063     12,00,845   0.6%   195,000   0.6%   196,000     12,00,845   0.6%   196,000   0.6%   100,000     12,00,845   0.6%   100,000   0.6%   100,000     12,00,845   0.6%   100,000   0.6%   100,000     12,00,845   0.6%   100,000   0.6%   100,000     12,00,845   0.6%   100,000   0.6%   100,000     12,00,845   0.6%   100,000   0.6%   100,000     12,00,845   0.6%   100,000   0.4%   100,000     12,00,85	Merchandise sales	\$ 24,811,330		\$ 30,788,419		\$ 32,327,840		\$ 33,944,232	106.0%	\$ 35,641,444	100.0%	\$ 37,423,516	100.0%
12,070,631   48.6%   15,760,284   51.2%   17,457,034   54.6%   19,669,328   55.0%   19,602,794     40,41,632   1.6%   45,106.3   1.5%   226,286   1.5%   946,383   2.9%   1,033,602     40,41,635   1.5%   2.380,437   1.5%   2.26,286   1.5%   2.380,431   1.5%   2.26,432   1.5%   2.22,162     40,41,635   19.5%   2.380,437   77%   2.49,489   1.5%   2.36,442   1.2%   2.46,442     40,61,62   1.6%   418,78   1.4%   618,78   1.5%   2.7%   2.75,564     40,81,835   19.5%   2.380,437   77%   2.49,489   1.5%   2.7%   2.75,564     306,589   1.6%   418,78   1.4%   618,78   1.5%   2.10,482     306,589   1.6%   1.00,380   1.4%   618,78   1.5%   2.10,482     306,589   1.6%   1.00,380   1.4%   618,78   1.4%   618,78     40,816   1.6%   1.00,380   1.4%   618,78   1.4%   618,78     40,816   1.6%   1.00,380   1.4%   1.1%   618,88   1.6%   2.3%   1.1%   618,88     40,816   1.6%   1.6%   1.00,380   1.4%   1.1%   618,88   1.6%   2.3%   1.1%   1.06,483     41,49,612   1.4%   4.00,249   1.3%   3.96,327   1.2%   4.19,385     41,49,612   1.6%   1.5%   1.2%   4.19,387   1.2%   4.19,385     41,49,612   1.6%   1.5%   1.2%   1.2%   4.19,387   1.2%   4.19,385     41,49,612   1.6%   1.5%   1.5%   1.2%   1.2%   1.2%   1.2%   1.2%   1.2%   1.2%     41,49,612   1.6%   1.5%   1.5%   1.2%   1.	Cost of goods sold	12,740,699	51.4%	15,028,135	48.8%	14,870,806	46.0%	15,274,904	45.0%	16,038,650	45.0%	16,840,582	45.0%
46,186         2.9%         937,507         2.3%         964,383         2.9%         1,033,602           1.66,844         0.5%         451,063         1.5%         473,516         1.5%         494,383         2.9%         1,033,602           1.66,842         0.5%         256,942         0.7%         256,342         0.7%         246,456           2,355,349         9.5%         2,380,437         1.7%         2,489,489         1.7%         2,524,425         1.7%         2,48,491           2,355,349         9.5%         2,380,437         1.7%         2,489,489         1.7%         2,524,425         1.7%         2,48,491           100,81         0.1%         4,1027         0.1%         4,1027         0.1%         4,43,179         1.4%         465,338         1.4%         465,338         1.4%         46,43,179         1.4%         465,338         1.4%         46,538         1.4%         47,949         47,949         47,949         47,049         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044         47,044 </td <td>Gross profit</td> <td>12,076,631</td> <td>48.6%</td> <td>15,760,284</td> <td>51.2%</td> <td>17,457,034</td> <td>54.0%</td> <td>18,669,328</td> <td>55.0%</td> <td>19,602,794</td> <td>25.0%</td> <td>20,582,934</td> <td>55.0%</td>	Gross profit	12,076,631	48.6%	15,760,284	51.2%	17,457,034	54.0%	18,669,328	55.0%	19,602,794	25.0%	20,582,934	55.0%
404,183         1.6%         451,053         1.5%         473,516         1.5%         497,287         1.5%         422,162           1.26,684         0.5%         123,164         0.4%         129,312         0.4%         135,777         0.4%         142,566           1.70,877         0.7%         2.526,236         0.7%         2.644,57         7.7%         2.644,42         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,43         7.7%         2.644,34         7.7%         2.644,34         7.7%         2.644,34         7.7%         2.644,34         7.7%         2.644,34         7.7%         2.644,34         7.7%         2.644,34         7.7%         2.644,34         7.7%         4.744         4.744         4.43,17         4.43,17         4.43,17         4.43,17         4.43,17         4.43,17         4.7%         4.64,27         7.7%         4.744         4.744         4.744         4.744         4.744         4.744         4.	Repair sales	780,785	3.1%	892,864	2.9%	937,507	2.9%	984,383	2.9%	1,033,602	2.9%	1.085.282	2.9%
4,26,864         0.5%         123,154         0.4%         129,312         0.4%         135,777         0.4%         142,566           1,70,977         0.7%         226,286         0.7%         226,286         0.7%         237,610         0.7%         249,481           4,841,635         19.5%         2,380,437         7.7%         2,694,524         7.7%         2624,432         7.7%         2,694,624         7.7%         2,624,432         7.7%         2,694,624         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,624,432         7.7%         2,634,432         7.7%         2,644,432         7.7%         2,644,432         7.7%         2,634,432         7.7%         2,634,642         7.7%         2,634,642         7.7%         2,634,642         7.7%         2,634,642         7.7%         2,634,642         7.7%         2,634,642         7.7%	Finance charge income	404,189	1.6%	451.063	1.5%	473,616	1.5%	497,297	1.5%	522,162	1.5%	548.270	1.5%
4,844,635 19.5% 6,328.0,437 77% 226,235 0.7% 237,610 0.7% 249,491 10.0 10.0 10.0 10.0 10.0 10.0 10.0 10	Miscellaneous income	126.854	15%	123,154	0.4%	129,312	0.4%	135,777	0.4%	142.566	0.4%	149 694	0.4%
4,841,635         18,5%         5,328,118         17,3%         5,584,425         17,3%         6,467,363           2,386,349         9,5%         2,386,349         1,7%         2,694,422         17,3%         6,467,363           2,386,349         1,6%         4,18,728         1,4%         6,987,68         1,7%         2,624,422         17,3%         6,467,365           30,586         0.1%         4,3078         1,4%         4,377         0.1%         45,378         1,4%         47,494           100,280         0.1%         1,6%         40,378         1,4%         465,338         1,4%         48,605         1,4%         47,494           200,990         0.8%         196,006         206,389         0.3%         217,243         0.6%         216,386           9,164,497         3.6%         10,470,429         2.5%         11,156,866         32.3%         11,166,866         32.3%         11,168           9,164,497         3.6%         9,806,986         31.3%         10,470,429         32.4%         11,156,866         32.3%         11,168           4,148,612         1.4%         400,249         1.3%         10,470,429         32.4%         11,156,866         32.3%         11,1636 </td <td>Trade-ins</td> <td>170,977</td> <td>0.7%</td> <td>215,519</td> <td>0.7%</td> <td>226,295</td> <td>0.7%</td> <td>237,610</td> <td>0.7%</td> <td>249,491</td> <td>0.7%</td> <td>261,965</td> <td>0.7%</td>	Trade-ins	170,977	0.7%	215,519	0.7%	226,295	0.7%	237,610	0.7%	249,491	0.7%	261,965	0.7%
4,841,635         19.5%         5,328,118         17.3%         5,534,250         17.3%         6,167,953           2,386,749         9.5%         4,237         7.7%         2,499,459         7.7%         2,624,426         17.3%         6,167,963           3,658         0.1%         41,027         0.1%         43,078         0.1%         45,232         0.1%         47,494           100,586         0.1%         44,027         0.1%         465,338         1.4%         48,632         0.1%         47,494           200,080         0.1%         445,338         1.4%         448,665         1.4%         446,338         1.4%         448,666         1.4%         446,338         1.4%         448,666         1.4%         4465,338         1.4%         448,666         1.4%         4465,338         1.4%         448,666         1.4%         4465,338         1.4%         448,666         1.4%         4465,338         1.4%         448,666         1.4%         4465,338         1.4%         448,666         1.4%         4465,338         1.4%         448,666         1.4%         4465,338         1.4%         448,666         1.4%         4465,338         1.4%         448,646         1.1%         448,646         1.4%         <	Store expenses												
2,356,349         9.5%         2,380,437         7.7%         2,499,459         7.7%         2,624,432         7.7%         2,755,564           366,738         1.6%         418,758         1.4%         43,977         0.1%         45,378         0.1%         47,444           100,825         0.1%         44,027         0.1%         43,977         0.1%         46,378         0.1%         47,444           100,826         0.1%         443,179         1.4%         465,338         1.4%         488,605         1.4%         473,175           200,049         0.8%         198,000         0.8%         197,044         2.3%         277,243         0.6%         210,386           2,68,771         2.6%         7700,041         2.3%         700,443         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         11,166,866         2.3%         2.3%	Slore wages	4,841,635	19.5%	5,328,118	17.3%	5,594,524	17.3%	5,874,250	17.3%	6,167,963	17.3%	6,476,361	17.3%
366,796         1.6%         418,736         1.4%         618,756         1.9%         818,756         2.4%         859,856           30,558         1.7%         44,077         0.1%         43,078         0.1%         45,222         0.1%         47,444           100,826         1.4%         40,137         1.4%         465,338         1.4%         486,667         1.4%         47,505           200,845         0.8%         198,000         0.6%         206,898         0.6%         206,898         0.6%         206,898         1.4%         481,305         2.3%         11,795         2.3%         11,708,378         11,698         206,808         1.2%         41,48,71         2.3%         11,708,378         216,305         200,908         20,808         11,706,378         2.1%         41,48,71         2.3%         11,708,378         2.1%         41,48,71         2.3%         11,166,866         3.2%         11,166,866         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88         3.2%         11,166,88	Rent	2,359,349	9.5%	2,380,437	7.7%	2,499,459	7.7%	2,624,432	7.7%	2,755,654	7.7%	2,893,436	7.7%
30,558         0.1%         41,027         0.1%         43,078         0.1%         45,232         0.1%         47,494           10,821         0.4%         10,330         104,397         1.4%         465,338         1.4%         48,602         1.4%         41,01           206,845         0.8%         198,000         203,840         0.6%         206,898         0.6%         217,243         0.6%         228,105           200,090         0.8%         197,046         0.6%         206,898         0.6%         217,243         0.6%         228,105           9,62,712         2.8%         190,041         2.3%         10,479         2.3%         11,786,366         3.2%         11,786,378         2.3%         11,786,378         2.3%         11,186,366         3.2%         11,186,378         11,686,37         2.3%         11,186,378         11,186,378         11,186,388         2.3%         11,186,378         3.4%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2%         11,186,378         3.2	Depreciation	386,798	1.6%	418,758	1.4%	618,758	1.9%	818,758	2.4%	859,636	2,4%	902,681	2.4%
100,821         0.4%         100,380         14%         465,338         1.4%         48,695         14%         515,035           208,848         0.8%         198,000         203,940         210,048         217,243         0.6%         228,105           200,030         0.8%         197,046         0.6%         208,848         0.5%         217,243         0.6%         228,105           682,712         2.8%         700,041         2.3%         705,043         2.3%         771,795         2.3%         810,385           9,164,497         36.9%         9,806,986         31.9%         10,470,429         32.4%         11,16,866         32.9%         11,708,378         37,4786         228,105           9,68,761         1.4%         400,249         1.3%         398,321         1.2%         418,237         12%         439,149           108,333         0.4%         100,313         0.3%         10,6379         0.3%         111,698         439,149           4,148,812         1.6%         780,000         0.4%         10,313         0.3%         11,696         32.9%         11,106,385           4,148,812         1.6%         780,000         0.4%         10,313         0.3% <td< td=""><td>Check guarantee</td><td>30,558</td><td>0.1%</td><td>41,027</td><td>0.1%</td><td>43,078</td><td>0.1%</td><td>45,232</td><td>0.1%</td><td>47,494</td><td>0.1%</td><td>49.868</td><td>0.1%</td></td<>	Check guarantee	30,558	0.1%	41,027	0.1%	43,078	0.1%	45,232	0.1%	47,494	0.1%	49.868	0.1%
353,689         1.4%         443,179         1.4%         465,338         1.4%         488,605         1.4%         513,035           200,884         1.98,000         203,840         210,688         217,243         0.6%         226,336           200,030         0.8%         197,046         0.6%         203,880         0.6%         217,243         0.6%         228,105           9,164,487         36.9%         9,806,986         31.9%         10,470,429         2.3%         11,166,866         32.9%         11,708,378         328,143           346,761         1.4%         400,249         1.3%         10,470,429         32.4%         11,166,866         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.9%         11,708,378         32.4%         11,168,489         32.9%         32.4%         32.9% <td>Phone</td> <td>100,821</td> <td>0.4%</td> <td>100,380</td> <td></td> <td>103,391</td> <td></td> <td>106,493</td> <td></td> <td>109,683</td> <td></td> <td>112,979</td> <td></td>	Phone	100,821	0.4%	100,380		103,391		106,493		109,683		112,979	
208,845         D.B%         198,000         203,940         210,058         216,360         228,105           200,039         0.8%         197,046         6.6%         206,898         D.B%         217,243         0.6%         228,105           682,712         2.8%         700,041         2.3%         735,043         2.3%         11,786,866         32.3%         810,385           9,164,497         36.9%         9,506,986         31.3%         398,321         1.2%         418,237         12.%         439,149           108,333         0.4%         400,249         1.3%         398,321         1.2%         418,237         12.%         439,149           4,148,512         1.6.7%         7,343,649         23.9%         8,456,327         26.2%         9,055,671         26.7%         9,544,786           1,586,407         6.4%         1,547,317         1,583,737         1,641,549         2.5%         806,486         2.5%         806,486         2.5%         806,486         2.5%         806,486         2.5%         806,486         2.5%         806,486         2.5%         806,486         2.5%         806,486         2.5%         806,486         2.5%         806,487         1,116,69         1,116,69	Credit card commission	353,689	1.4%	443,179	1.4%	465,338	1.4%	488,605	1.4%	513,035	1.4%	538,687	1.4%
200,090         0.8%         197,046         6.6%         206,898         0.6%         217,243         0.6%         228,105           9,164,497         36.9%         700,041         2.3%         771,795         2.3%         810,385           9,164,497         36.9%         9,806,386         31.9%         10,470,429         32.4%         11,166,866         32.3%         11,708,378         31.9%         10,470,429         32.4%         11,166,866         32.3%         11,688         439,149         11,688         11,688         439,149         11,688         11,688         11,688         11,688         11,688         11,688         11,688         11,690,795         11,690	Store supplies	208,845	0.8%	198,000		203,840		210,058		216,360		222,851	
682.712         2.8%         700,041         2.3%         775,043         2.3%         771,795         2.3%         810,385           9,164,497         36.9%         9,806,986         31.9%         10,470,429         32.4%         11,166,866         32.9%         11,706,378         39,149           348,761         1.4%         400,249         1.3%         389,321         1.2%         418,237         1.2%         439,149           4,148,512         16.7%         7,343,649         23.9%         8,456,327         26.2%         9,065,671         26.7%         439,149           1,586,407         6.4%         16,47,317         1,583,737         1,641,549         2.5%         860,480         2.5%         905,6567         2.5%         905,674           1,510,835         0.3%         16,47,317         1,882,897         1,641,549         1,641,549         1,641,449         1,641,449           1,510,835         0.3%         147,732         1,882,184         1,949,684         2,008,175           1,510,835         0.4%         148,248         1,882,184         1,949,684         166,508           1,510,835         0.4%         148,248         1,849,684         1,949,684         1,144,800           1	Marchandise shortages	200,090	0.8%	197,046	0.6%	206,898	0.6%	217,243	0.6%	228,105	0.6%	239,510	0.6%
9,164,497         36.9%         9,806,986         31.9%         10,470,429         32.4%         11,166,866         32.9%         11,706,378         384,761         1.4%         400,249         1.3%         10,470,429         1.2%         418,237         1.2%         49,149         106,379         0.3%         11,698         439,149         106,379         0.3%         11,698         439,149         11,698         43,448,512         12%         49,055,671         26,7%         9,514,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,544,786         2,666,480         2,5%         9,055,671         26,7%         9,544,747         2,544,786         3,	Other store expenses	682,712	2.8%	700,041	2.3%	735,043	2.3%	771,795	2.3%	810,385	2.3%	850,904	2.3%
348,761         1.4%         400,249         1.3%         398,321         1.2%         418,237         1.2%         439,149           108,333         0.4%         101,313         0.3%         106,379         0.3%         111,698           4,148,512         16.7%         7,343,649         23.9%         8,456,327         26.2%         9,065,671         26.7%         9,514,786         11,690,786           1,586,407         6.4%         1,547,317         1,583,737         1,641,549         2.5%         903,504           1,586,407         6.4%         1,547,317         1,583,737         1,641,549         1,690,795           1,45,94         6.4%         1,510,44         16,1755         164,608         17,1606           80,685         0.3%         87,348         89,968         22,667         95,447           1,510,835         0.6%         147,732         1582,784         164,968         174,431           106,706         0.4%         182,736         149,144         163,681         161,431           127,230         0.5%         144,800         149,144         153,667         164,336           157,587         0.6%         146,350         0.1%         4,264         163,681	Total store expenses	9,164,497	36.9%	9,806,986	31.9%	10,470,429	32,4%	11,156,866	32.9%	11,708,378	32.9%	12,287,276	32.8%
4,148,512         16.7%         7,343,649         23.9%         8,456,327         26.2%         9,065,671         26.7%         9,514,786         25,447,876         11,698         411,698         41,1698	Bad debt expenses	348,761	1.4%	400,249	1.3%	398,321	1.2%	418,237	1.2%	439,149	1.2%	461,106	1.2%
4,148,512         16.7%         7,343,649         23.9%         8,456,327         26.2%         9,055,671         26.7%         9,514,786         25,447,876         23.9%         8,456,327         26.2%         9,055,671         26.7%         9,514,786         25,447         26.7%         9,055,671         26.7%         9,054,786         25,667         25,667         9,03,504         1,690,736         17,1606         80,686         17,1606         80,447         1,582,897         1,641,548         1,71606         80,447         1,547,324         1,882,897         1,949,684         2,008,175         161,431         1,510,835         1,510,835         1,510,835         1,510,835         1,510,835         1,510,835         1,510,831         1,510,931         1,510,931         1,510,931         1,510,931         1,510,931         1,510,931         1,510,931         1,510,931         1,510,931         1,510,	Bad debt recoveries	108,333	0.4%	108,000	0.4%	101,313	0.3%	106,379	0.3%	111,698	0.3%	117,283	0.3%
1586,357         3.2%         780,000         2.5%         819,505         2.5%         860,480         2.5%         903,504           1,586,407         6.4%         1,547,317         1,589,737         1,641,549         1,690,736         171,606           80,685         0.3%         87,348         1,682,897         1,949,684         2,008,175         171,606           1,510,835         6.1%         1,637,764         1,822,897         1,949,684         2,008,175         161,431           1,510,835         6.0%         147,732         162,164         154,729         161,431           1,057,06         0.4%         147,732         148,248         193,657         161,431           127,20         0.5%         144,800         148,144         153,68         158,227           40,166         0.2%         39,996         0.1%         4,264         45,24           103,147         0.4%         146,56         0.1%         4,392         4,524           103,147         0.4%         146,56         0.1%         4,284         4,524           103,147         0.4%         146,56         0.1%         45,392         4,524           103,147         0.4%         148,548	Earnings from store operations	4,148,512	16.7%	7,343,649	23.9%	8,456,327	26.2%	9,055,671	26.7%	9,514,785	28.7%	9,597,045	26.7%
1,586,407         6.4%         1,547,317         1,589,737         1,641,549         1,690,795           145,994         0.6%         157,044         161,755         166,608         171,606           80,685         0.3%         87,348         1,892,897         1,949,684         2,008,175           1,510,835         6.1%         1,47,732         152,164         156,729         161,431           106,706         0.4%         147,732         168,164         163,789         199,681           127,230         0.5%         144,800         148,144         163,68         199,681           127,230         0.5%         146,350         133,657         133,657         137,667           40,166         0.2%         39,996         0.1%         4,264         4,382           7,490         0.0%         4,140         4,264         4,384         162,323           173,047         0.4%         148,548         163,004         162,323           173,047         0.2%         27,000         27,000         74,160         78,545           173,053         78,644         26,444         107,087         78,545	Shop expenses	785,357	3.2%	780,000	2.5%	819,505	2.5%	860,480	2.5%	903,504	2.5%	948,679	2,5%
s         1,586,407         6,4%         1,547,317         1,583,737         1,641,549         1,641,549         1,690,795           n & dentral insurance         145,994         0.6%         157,044         157,044         161,755         166,508         171,606           a service         80,685         0.3%         B7,348         1,892,897         1,949,684         2,008,175           tising expense         1,510,835         6.1%         1,837,764         1,827,89         1,649,184         1,641,81           ciciation         105,706         0.4%         182,736         144,800         144,144         163,65         199,681           sylattorney commission         40,166         0.2%         146,350         0.1%         43,655         0.1%         45,838           ly expense         7,490         0.0%         4,140         4,264         4,365         0.1%         4,524           ly expense         7,490         0.0%         4,140         4,264         4,365         0.1%         4,524           sylattorney commission         40,166         0.2%         146,350         0.1%         4,264         4,365         0.1%         4,564           ly amount in man for man f	General & administrative expenses												
n & dental insurance         145,994         0.6%         157,044         161,756         166,608         171,606           80,685         0.3%         87,348         89,668         92,667         95,447           fising expense         1,510,835         6.1%         1,837,764         1,892,897         1,949,684         2,008,175           fising expense         1,510,835         0.6%         147,732         152,164         1,545,729         161,431           rociation         106,706         0.6%         147,732         188,248         193,865         161,431           rociation         106,706         0.6%         144,800         148,144         153,618         156,729         161,431           rociation         127,237         0.6%         146,350         146,366         0.1%         45,653         0.1%         45,838           sylattorney commission         40,166         0.2%         146,350         0.1%         43,655         0.1%         45,24           lik areal expense         7,490         0.0%         14,40         4,264         4,392         4,524           1 & meal expense         173,046         0.7%         148,546         163,606         167,609         167,609         160,306 </td <td>Wages</td> <td>1,586,407</td> <td>6.4%</td> <td>1,547,317</td> <td></td> <td>1,593,737</td> <td></td> <td>1,641,549</td> <td></td> <td>1,690,795</td> <td></td> <td>1,741,519</td> <td></td>	Wages	1,586,407	6.4%	1,547,317		1,593,737		1,641,549		1,690,795		1,741,519	
service         80,685         0.3%         87,348         89,968         92,667         95,447           Ising expense         1,510,835         6.1%         1,837,764         1,892,897         1,949,684         2,008,175           ge & freight         155,826         0.6%         147,732         162,164         154,729         161,431           ge & freight         106,706         0.4%         182,736         148,218         193,865         161,431           ral insurance         127,237         0.6%         144,800         144,914         153,618         158,237           sylatterney commission         40,166         0.2%         146,530         0.1%         43,655         0.1%         45,838           yyattorney commission         7,490         0.0%         4,140         4,264         4,392         4,524           lik amel expense         7,490         0.0%         4,140         4,264         4,392         4,524           1 & mel expense         173,046         0.1%         42,64         4,392         107,087           2 & porsuling fees         0.0%         27,000         100,38         107,087         107,087           3 & porsuling fees         0.0%         27,000         74,160<	Health & dental insurance	145,994	0.6%	157,044		161,755		166,608		171,606		176,754	
tising expense         1,510,835         6.1%         1,837,764         1,892,897         1,949,684         2,008,175           ge & freight         155,826         0.6%         147,732         152,164         156,729         161,431           scalation         106,706         0.4%         182,736         148,216         193,865         199,681           rail insurance         127,220         0.5%         144,800         149,144         153,618         158,227           sylattorney commission         40,166         0.2%         39,996         0.1%         41,576         0.1%         43,655         0.1%         45,838           lly expense         7,490         0.0%         4,140         4,264         4,392         45,24           lly meal expense         17,491         0.4%         148,548         153,004         167,595         162,323           lly meal expense         0.0%         27,000         100,340         107,087         29,644         25,503           supplies         0.2%         27,000         74,160         76,187         28,577	Phone service	80,685	0.3%	87,348		89,968		92,667		95,447		98,310	
ge & freight         155,826         0.6%         147,732         152,164         156,729         161,431           ciation         106,706         0.4%         182,736         189,216         193,865         199,681           ral insurance         127,220         0.5%         144,800         149,144         153,618         158,227           157,587         0.6%         146,350         133,657         133,657         137,667         137,667           syxtatorney commission         40,166         0.2%         39,996         0.1%         41,576         0.1%         45,583         45,584           ly expense         7,490         0.0%         4,140         4,264         4,392         45,534           li meal expense         103,147         0.4%         148,548         153,004         157,595         162,323           consulting fees         0.0%         27,000         27,416         28,644         29,563         78,573           supplies         0.2%         27,000         74,160         76,385         78,577	Advertising expense	1,510,835	6.1%	1,837,764		1,892,897		1,949,684		2,008,175		2,068,420	
ciation         106,706         0.4%         182,736         188,218         193,865         199,681           ral insurance         127,230         0.5%         144,800         49,144         153,618         158,227           sylattorney commission         40,166         0.2%         39,996         0.1%         41,576         0.1%         43,655         0.1%         45,838           sylattorney commission         7,490         0.0%         146,546         153,004         45,555         0.1%         45,548           lk meal expense         103,147         0.4%         148,548         153,004         167,595         162,323           consulting fees         -         0.0%         27,000         27,416         78,160         78,160         78,160         78,176	Postage & freight	155,826	0.6%	147,732		152,164		156,729		161,431		166,274	
ral insurance         127,230         0.5%         144,800         149,144         153,618         158,227           157,587         0.6%         146,350         133,657         133,657         137,667           sylatteney commission         40,166         0.2%         39,996         0.1%         41,576         0.1%         43,555         0.1%         45,24           lly expense         7,490         0.0%         4,140         4,264         4,392         4,524           4,304         0.0%         148,548         153,004         167,595         162,323           4,704         0.4%         148,548         100,394         107,087           5 post volfessional         0.7%         27,000         27,410         28,644         29,533           supplies         0.2%         72,000         74,160         76,385         78,577	Depreciation	106,706	0.4%	182,736		188,218		193,865		199,681		205,671	
157,587         0.6%         146,350         133,657         133,657         137,667           yyattorney commission         40,166         0.2%         39,996         0.1%         41,576         0.1%         43,655         0.1%         45,838           T,490         0.0%         4,140         4,264         4,365         0.1%         4,524           4,30         0.0%         4,140         4,264         4,365         0.1%         4,524           4,30         0.0%         148,548         153,004         167,595         167,595         167,595           4,70         0.1%         27,000         100,940         103,968         107,097           20,00         27,000         74,160         76,385         78,577           8 upplies         0.2%         72,000         74,160         76,385         78,577	General insurance	127,230	0.5%	144,800		149,144		153,618		158,227		162,973	
40,166     0.2%     39,996     0.1%     41,576     0.1%     43,655     0.1%     45,838       7,490     0.0%     4,140     4,264     4,392     4,524       103,147     0.4%     148,548     153,004     167,595     162,323       173,045     0.7%     27,000     27,000     74,160     76,385     78,577       60,404     0.2%     72,000     74,160     76,385     78,577	Rent	157,587	0.6%	146,350		133,657		133,657		137,667		141,797	
7,49G 0.0% 4,140 4,264 4,392 ense 103,147 0.4% 148,548 153,004 157,595 1 173,046 0.7% 98,000 100,940 103,968 1 ense - 0.0% 27,000 27,810 28,644 0.2% 72,000 74,160 76,385	Agency/attorney commission	40,166	0.2%	39,996	0.1%	41,576	0.1%	43,655	0.1%	45,838	0.1%	48,130	0,1%
expense 103,147 0.4% 148,546 153,004 157,595 153,004 173,045 0.7% 98,000 100,940 103,968 103,9	Security expense	7,490	0.0%	4,140		4,264		4,392		4,524		4,659	
idonal 173,045 0.7% 98,000 100,940 103,968 103,968 - 0.0% 27,000 27,810 28,644 60,404 0.2% 72,000 74,160 76,385	Travel & meal expense	103,147	0.4%	148,548		153,004		157,596		162,323		167,193	
g fees - 0.0% 27,000 27,810 28,644 28,000 72,000 74,160 76,385	Legal & professional	173,046	0.7%	98,000		100,940		103,968		107,087		110,300	
60,404 0.2% 72,000 74,160 76,385	Misc. consulting fees	•	0.0%	27,000		27,810		28,644		29,503		30,388	
	Office supplies	60,404	0.2%	72,000		74,160		76,385		78,677		81,037	

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rojected Operating Performance of Krigel's, Inc.	per December 2000 Emergence Financing Terms
Projected Operation	per December 200

ARY Jewelers, LLC. v. IBJTC Business Credit Corp. and David Molinario

Exhibit 4

	Historical 1	_	Projected 23		Projected <sup>3</sup>		Projected <sup>3</sup>	<b>6</b> -	Zuus Projected	<b>L</b>	2006 Prajeofed	_
Donations	18,898	0.1%	12,000		12,360		12,731		13,113		13,506	
Credit bureau	28,397	2,1%	19,794		20,388		20,999		21.629		22,278	
Repairs & maintenance	24,301	0.1%	48,000		49,440		50,923		52,451		54,024	
Training expenses	1	0.0%	60,000		61,800		83,654		65,564		67,531	
Olher general & admin expenses	268,397	1.1%	199,992		205,992		212,172		218,537		225,093	
Reorganization expenses	327,395	1.3%	•		1		,		•		•	0.0%
Amortization of leased equipment	67,644	0.3%	67,644	ļ	67,644		67,644		67,644		67,544	
Total G&A	4,990,555	20.1%	5,048,205	16.4%	5,180,918	18.0%	5,331,139	15.7%	5,489,917	15.4%	5,653,502	15,1%
Earnings before interest & taxes	(1,627,400)	<b>%9.9-</b>	1,515,444	4.9%	2,455,904	2.6%	2,864,052	8.4%	3,121,364	8.8%	3,394,864	9.1%
Interest expense	1,106,031	4.5%	923,496	3.0%	925,000	2.9%	925,000	2.7%	925,000		925,000	
Earnings before taxes	\$ (2,733,431)	-11.0% \$	591,948	1.9% \$	1.9% \$ 1,530,904	4.7% \$	\$ 1,939,052	5.7% \$	5.7% \$ 2,196,364	6.2%	6.2% \$ 2,469,864	6.6%
NPV of Earnings before taxes (mídyear convention)	canventian)		561.867		(,310,285		1,496,497		1,528,045		1,549,435	
Discount Rate	10.9%											
Total NPV before taxes (thru FY2006)	6,446,129											
Total Net Present Value (finu FY2009) (recoupment of total investment)	9,573,147											
Assumptions												
Number of stores			21		21		21		21		21	
Average annual sales per store Percentage increase from prior year		₩	\$ 1,466,115	U)	1,539,421	€9	1,616	₩	\$ 1,697,212	₩,	\$ 1,782,072	
Gross profit percentage			51.2%		54.0%		20.0% 25.0%		55 0%		5.0%	
Sales expenses (shown with percentage of sales)	of sales)		5.0%		5.0%		5.0%		5.0%		5.0%	
Fixed expenses inflation rate			3.0%		3.0%		3.0%		3.0%		3.0%	
Amortization of leased equipment and interest expenses ramain fiat each year	llerest expenses re	main fate.	ach vear									

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<sup>&</sup>lt;u>Sources:</u>
1. Krigel's Inc. Income Statement, Fiscal Year 2000 - 2001, ARY - 01114.
2. Krigel's Inc. Projected Income Statement, Fiscal Year 2001-2002 Forecast, document dated 12/4/00 ARY - 00387 - 8.
3. Krigel's Inc. Operating Proforma For the Years Ended February 28, 2002, 2003 and 2004, document dated 12/4/00 ARY - 00995.

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## Exhibit 5

Exhibit 5

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ARY Jewelers, LLC v IBJTC Business Credit Corp. and David Molinario Projected Operating Performance of Krigel's, Inc. per March 27, 2001 Emergence Financing Terms

6 ted	3 100.0% Z 45.0%	1 55.8%	3 2.9%					3 17.3%				C.	3 1.4%			4 2.5%	,,, I	3 1.2%		0 25.8%	1 2.5%		œ	₩.	_	c	*	***	₩.		9 0.1%	_	Α1	•	т.		Confidential
2006 Projected	\$34,694,438 15,612,497	19,081,941	1,006,139	538,861	138,778	242,861		6,002,138	2,893,436	902,681	43,453	112,979	499,403	222,851	222,045	850,904	11,749,889	416,333	104,083	8,946,440	867,351		1,741,519	176,754	98,311	2,068,420	166,274	205,671	162,974	141,797	48,129	4,660	167,192	110,300	30,389	81,037	Confid
<b>.</b>	100.0% 45.0%	56.0%	2.9%	1.6%	0.4%	0.7%		17.3%	6.3%	2.6%	0.1%		1.4%		0.6%	2.5%	33.9%	1.2%	0.3%	25.8%	2.5%										0.1%						
2005 Projected	\$ 33,042,322 14,869,045	18,173,277	958,227	513,201	132,170	231,296		5,716,322	2,755,654	859,686	41,384	109,688	475,622	216,360	211,471	810,385	11,196,581	396,508	99,127	8,514,208	826,058		1,690,795	171,606	95,448	2,008,174	161,431	199,681	158,227	137,667	45,838	4,524	162,322	107,087	29,504	78,676	
74.	100.0% 45.0%	55.0%	2.9%	1.6%	0.4%	0.7%		17.3%	8.3%	2.6%	0.1%		1.4%		0.6%	2.5%	33.9%	1.2%	0.3%	25.7%	2.5%										0.1%						
2004 Projected	\$ 31,468,878 14,160,995	17,307,883	912,598	488,762	125,876	220,282		5,444,115	2,624,432	818,758	39,413	106,493	452,973	210,058	201,401	771,795	10,669,440	377,627	94,407	8,102,740	786,722		1,641,549	156,608	92,667	1,949,684	156,729	193,865	153,618	133,657	43,655	4,392	157,595	103,968	28,644	76,385	
744	100.0% 46.0%	54.0%	2.9%	1.6%	0.4%	0.7%		17.3%	8.3%	2.1%	0.1%		1.4%		0.6%	2.5%	33.4%	1.2%	0.3%	25,3%	2.5%										0.1%						
2003 Projected	\$ 29,970,360	15,183,994	869,141	465,488	119,882	209,792		5,184,872	2,499,459	618,758	37,536	103,391	431,403	203,940	191,811	735,043	10,006,214	359,644	89,911	7,572,350	749,259		1,593,737	161,755	89,968	1,892,897	152,164	188,218	149,144	133,657	41,576	4,264	153,004	100,940	27,810	74,160	
8	100.0% 48.8%	51.2%	2.9%	1.6%	0.4%	0.7%		18.2%			0.1%		1.4%		0.6%	2.5%	33.7%	1.3%	0.4%	22.1%	2.5%										0.1%						
2002 Projected <sup>2,3</sup>	\$ 28,543,203 13,930,753	14,612,450	827,753	443,322	114,173	199,802		5,189,263	2,380,437	418,758	35,749	100,380	410,860	198,000	182,677	700,041	9,616,165	371,062	108,000	6,318,273	713,580		1,547,317	157,044	87,348	1,837,764	147,732	182,736	144,800	146,350	39,996	4,140	148,548	000'86	27,000	72,000	
	51.4%	48.6%	3.1%	1.5%	0.5%	0.7%		19.5%	9.5%	1.6%	0.1%	0.4%	1.4%	0.8%	0.8%	2.8%	36.9%	1.4%	24%	18.7%	3.2%		6.4%	0.6%	0.3%	6.1%	9.0%	0.4%	0.5%	9.6%	0.2%	0.0%	0.4%	0.7%	9.0%	0.2%	
2001 Historical <sup>1</sup>	\$ 24,811,330 12,740,699	12,070,631	780,786	404,189	126,854	170,977		4,841,635	2,359,349	386,798	30,558	100,821	353,589	208,845	200.090	682,712	9,164,497	348.761	108,333	4,148,512	785,357		1,586,407	145,994	80,685	1,510,835	155,826	106,706	127,230	157,587	40,166	7,490	103,147	173,046	•	60,404	
Year Ended Feb. 28	Merchandise sales Cost of goods sold	Gross profit	Repair sales	Finance charge income	Miscellaneous income	Trade-ins	Store expenses	Store wages (1)	Rent (2)	Depreciation (2)	Check guarantee (2)	Phone	Credit card commission (2)	Store supplies	Merchandise shortages (2)	Other store expenses	Total store expenses	Bad debt expenses (2)	Bad debt recoveries (2)	Earnings from store operations	Shop expenses	General & administrative expenses	Wages	Health & dental insurance (2)	Phone service	Advertising expense (2)	Postage & freight	Depreciation (2)	General insurance (2)	Rent (2)	Agency/attorney commission (2)	Security expense	Travel & meal expense	Legal & professional (2)	Misc. consulting fees	Office supplies	

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21 \$ 1,652,116 5.0% 55.0% 5.0% 3.0%

21 \$ 1,573,444 5.0% 55.0% 5.0% 3.0%

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		ARY Jewele	ARY Jewelers, LLC v IBJTC Business Credit Corp. and David Molinario	rc Busines	s Credit Corp	ı. and Davie	d Molinario				Exhibit 5	£5
		Project per M	Projected Operating Performance of Krigel's, Inc. per March 27, 2001 Emergence Financing Terms	ing Perfo 101 Emen	ormance o' gence Finz	f Krigel's ancing Te	i Inc. erms					
Year Ended Feb. 28	2001 Historical	_	2002 Projected <sup>2,3</sup>	v)	2003 Projected		2004 Projected	***	2005 Projected	•	2006 Projected	
Donations Credit hurau (2)	18,898	0.1%	12,000 19,794		12,360		12,731		13,113		13,506	
Repairs & maintenance	24,301	0.1%	48,000		49,440		50,923		52,451		54,024	
Training expenses Other general & admin expenses (2)	268.397	0.0%	60,000		61,800 205,992		63,654		65,564 218,537		67,531 225,093	
Reorganization expenses Amortization of leased equipment	327,395	1.3%	67,644		67,644		67,644	'	67,644	!	67,644	
Total G&A	4,990,555	20.1%	5,048,205	17.7%	5,180,918	17.3%	5,331,138	16.9%	5,489,916	16.5%	5,653,501	18.3%
Earnings before interest & taxes	(1,527,400)	-6.6%	556,488	1.9%	1,642,172	5.5%	1,984,880	6.3%	2,198,234	6.7%	2,425,577	7.0%
Interest expense	1,106,031	4.5%	767,073	j	767,073	1	767,073	ļ	767,073	ļ	767,073	
Earnings before taxes	\$ (2,733,431) -11.0%	-11.0% \$	(210,585)	-0.7% \$	875,099	2.9% \$	2.9% \$ 1,217,807	3.9%	3.9% \$ 1,431,161	4.3% \$	\$ 1,658,504	4.8%
NPV of Eamings before taxes (mldyear convention)	nvention)		(198,428)		732,828		906,345		946,310		974,613	
Discount Rafe	12.5%											
Total NPV before taxes (thru FY 2006)	3,361,568											
Total Net Present Value (thru FY2009)	5,461,725		( :	i i								

Assumptions			
Number of stores	21	23	73
Average annual sales per store	\$ 1,359,200	\$ 1,427,160	\$ 1,498,518 \$
Percentage increase from prior year	15.0%	5.0%	5.0%
Gross profit percentage	51.2%	54.0%	55.0%
Sales expenses (shown with percentage of sales)	5.0%	2.0%	5.0%
Fixed expenses inflation rate	3.0%	3.0%	3.0%
Amortization of leased aquipment & interest expenses remain flat each year	ain flat each year		
Interest expense based on ARY 00995, adjusted for reduced loan under March 27, 2001 Financing Terms. (\$6,800,0000/\$8,200,000 x \$925,000)	d loan under March 27, 2001	Financing Terms. (\$6,80	10,000/\$8,200,000 x \$925,000}

(Under financing terms dated 12/4/00, ARY recovers 100% of investment (hrough FY2009)

Projections for 2005 and 2006 based on same assumptions as 2003 and 2004 including expenses as a % of merchandise sales. NPV is calculated as of March 27, 2001, date of letter identifying change in financing terms.

Krigel's Inc. Income Statement, Fiscal Year 2000 - 2001, ARY - 01114.
 Krigel's Inc. Projected Income Statement, Fiscal Year 2001-2002 Forecast, document dated 4/2/00 ARY - 01129
 Krigel's Inc. Operating Proforma For the Years Ended February 28, 2002, 2003 & 2004, document dated 12/4/00 ARY - 00995.

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Exhibit 6

#### **Discount Rate Calculation**

#### Weighted Average Cost of Capital under December 15, 2000 Financing Terms

Equity '	\$	3,000,000	27%	
Debt <sup>2</sup>		8,200,000	73%	
Total Capital	\$	11,200,000		
Cost of Equity 3		15.42%		
Cost of Debt 4		9.25%		
Weighted Average	Cost	of Capital		10.9%

10.9% Discount Rate

#### Weighted Average Cost of Capital under March 27, 2001 Financing Terms

Equity <sup>5</sup>	\$	4,250,000	38%	
Debt <sup>6</sup>		6,800,000	62%	
Total Capital	\$	11,050,000		
Cost of Equity 3		15.42%		
Cost of Debt 4		9.25%		
387-1-1-1-3	- ^	t of Conital		11.6%
Weighted Averag	a Cos	t or Cabital		11.074
Risk Factor due to	Sho	rtened Term 7		0.9%
				40 50/
Discount Rate				12.5%

- 1. Weighted Equity = \$3,000,000 (ARY's net cash infusion divided by \$11,200,000 (Total Equity and Debt).
- 2. Weighted Debt = \$8,200,000 (Foothill debt) divided by \$11,200,000 (Total Equity and Debt).
- 3. Cost of Equity = SIC Code 5944, Jewelry Stores, Ibbotson Cost of Capital 2001 Yearbook.
- 4. Cost of Debt = Prime rate plus 1.25%, www.moneycafe.com, April 2001 and Financing Proposal Letter(s) dated 12/15/00 and 03/27/01, F00352-00361.
- 5. Weighted Equity = \$4,250,000 (ARY's net cash infusion divided by \$11,050,000 (Total
- Equity and Debt). 6. Weighted Debt = \$6,800,000 (Foothill debt) divided by \$11,050,000 (Total Equity and Debt).
- 7. www.federalreserve.gov/releases

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THE CARRIGAN LAWFIRM

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Exhibit 7

THE CARRIGAN LAWFIRM

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Fig. 2. Javoniny & Watch Retail Drc. 31 \$ 02,253,000 \$ 10,024,000 \$ 37,236,000 \$ 37		Driman inchetor	Year Frided	2000	2001	2002	2003	2004
δ, inc.         Jewely & Watch Retail         Dec. 31         S 20,253,000         S 19,24,000         S 12,24,000         S 12,24,000         S 22,450,000         S 22,450,000 <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>								
	ES (US\$)		;					28 842 4000
Inc.	Companies, Inc. <sup>1</sup>	Jeweiry & Watch Retail	-	00,524,05				923 RDE 400
	Enterpylses, Inc.	Jewelry & Watch Retail		844,755,000		•		and instance
	an's fac."	Jewelry & Watch Retail		378,351,080				:
	Jewelers, Inc.	Jewelry & Watch Retail		179,537,000				142,710,000
	المرا يعامهما	Jewelry & Watch Retail		120,037,000		102,011,000		
Inc.   Jewelry & Weich Rebail   Jan. 31° 5   1,589,058,000 5   1,706,555,000 5   3,44,057,000 5   3,44,057,000 5   3,44,057,000 5   3,44,057,000 5   3,44,057,000 5   3,44,057,000 5   3,44,655,000 5   3,44,057	n loundare for *	Jewelry & Watch Retail		160,168,000		122,007,000		
	S Comments and	Inweio & Watch Manuf & Retail		1,658,058,080				2,204,831,000
Figure   Parameter   Paramet	A CO.	Implication Refail		355,085,000				334,206,000
Inc.   Jewelry & Watch Retail   Jan. 31°   4.7%   2.26%   10.3%   10.2%   10	poration	Jewelry & Watch Retail		1,814,362,000	2,087,199,000 \$			2,304,440,000
welry & Watch Retail         Dec. 31         4.7%         -2.6%           welry & Watch Retail         Jan. 31°         4.7%         -2.6%           welry & Watch Retail         Jan. 31°         4.7%         -2.6%           welry & Watch Retail         Jan. 31°         -2.6%         -10.1%           welry & Watch Retail         May 30         -7.6%         -10.1%           y & Watch Retail         Jan. 31°         -7.6%         -17.8%           welry & Watch Retail         Jan. 31°         -7.6%         -17.8%           welry & Watch Retail         Jan. 31°         -7.6%         -7.6%           welry & Watch Retail         Jan. 31°         -7.6%         -7.6%         -7.6%           welry & Watch Retail         Jan. 31°         -7.6%         -7.6%         -7.6%         -7.6%           welry & Watch Retail         Jan. 31°         -7.6%         -4.7%         -7.6%         -7.6%           welry & Watch Retail         Max. 31°         50.4%         -7.6%         -7.6%         -7.6%           weelry & Watch Retail         Max. 31°         -7.6%         -4.7%         -7.6%         -7.6%         -7.6%           weelry & Watch Retail         Max. 31°         -7.6%         -7.6%         -7.6%	owth Rate					;	į	,
welry & Watch Retail         Jan. 31 <sup>6</sup> 4.7%         -2.5%           welry & Watch Retail         Sept. 30         -10.5%         -2.5%           welry & Watch Retail         Mar. 31 <sup>6</sup> -5.5%         -10.1%           welry & Watch Retail         Feb. 26         -17.8%         -17.8%           welry & Watch Retail         Jan. 31 <sup>6</sup> -3.7%         -6.2%           welry & Watch Retail         Jan. 31 <sup>6</sup> -4.5%         -0.6%           welry & Watch Retail         July 31         -2.2.2%         -5.1%           welry & Watch Retail         July 31         -2.2.2%         -5.1%           welry & Watch Retail         July 31         -2.2.4%         -5.1%           welry & Watch Retail         July 31         -4.7%         0.6%           welry & Watch Retail         Mar. 31 <sup>6</sup> 43.5%         33.1%           welry & Watch Retail         Mar. 31 <sup>6</sup> 43.6%         35.2%           welry & Watch Retail         July 31         44.1%         45.3%         45.3%           welry & Watch Retail         July 31         44.1%         45.3%         55.3%           welry & Watch Retail         July 31         44.1%         45.3%         47.3%           welry &	Commanies for 1	Jewelry & Watch Retail	Dec. 31		6.2%	10.3%	%,/%L	14.07
welly & Warch Retail         Sept. 30         9.2%         6.1%           welly & Warch Retail         Max. 31°        0.5%        20.3%           welly & Warch Retail         Max. 31°        0.5%        10.1%           welly & Warch Retail         Jan. 31°        7.6%        10.1%           y & Warch Retail         Jan. 31°        7.6%        17.0%           y & Warch Retail         Jan. 31°        2.2%        2.0%        3.1%           welly & Warch Retail         Jan. 31°        2.2%        2.0%        3.1%           welly & Warch Retail         Jan. 31°        2.2%        2.0%        3.1%           welly & Warch Retail         Max. 31°        2.2%        2.0%        3.1%           welly & Warch Retail         Feb. 26°         47.0%         47.4%         47.6%         47.6%           x Warch Retail         Feb. 26°         49.0%         35.1%         47.6%         59.3%           x Warch Retail         Jan. 31°         38.7%         42.3%         47.8%         50.6%           x Warch Retail         July 31         48.7%         45.3%         47.3%         47.3%           x Warch Retail         July 31         48.7%	Sylvanians Inc	lewelry & Watch Retail	Jan 316		4.7%	-2.6%	2.9%	23%
welly & Watch Retail         Mar. 316         -28.3%           welly & Watch Retail         Feb. 286         -10.1%           welly & Watch Retail         Jan. 316         -55%         -10.1%           y & Watch Retail         Jan. 316         -57%         -17.2%           y & Watch Retail         Jan. 316         -57%         -0.5%           welly & Watch Retail         Jan. 316         -5.2%         -5.2%           welly & Watch Retail         July 31         -2.2%         -2.4%         -5.3%           welly & Watch Retail         Jun. 316         50.4%         49.7%         -3.1%           welly & Watch Retail         Jan. 316         47.0%         47.4%         47.5%           welly & Watch Retail         Amar. 316         43.5%         47.5%         59.3%           weely & Watch Retail         Amar. 316         46.5%         37.1%         47.8%         59.3%           weely & Watch Retail         July 31         48.7%         45.3%         47.3%         47.3%           weely & Watch Retail         July 31         48.7%         47.5%         47.3%         47.3%           weely & Watch Retail         July 31         48.7%         45.3%         47.3%         47.3%		Amelia & Watch Refail	Sept. 30		9.2%	6.1%		
Weelry & Watch Retail         Feb. 28         -10.1%           weelry & Watch Retail         Feb. 28         -17.8%         -17.8%           weelry & Watch Retail         Jan. 318         -7.6%         -17.8%         -17.8%           y & Watch Retail         Jan. 318         -2.2%         -2.1%         -2.1%         -2.1%           weelry & Watch Retail         July 31         22.2%         23.4%         -5.1%         -3.1%           weelry & Watch Retail         Jun. 318         50.4%         49.7%         47.8%         -3.1%           weelry & Watch Retail         Jun. 318         47.6%         47.4%         47.8%         48.5%           weelry & Watch Retail         Jan. 318         49.0%         45.3%         50.4%         48.5%           weelry & Watch Retail         Jan. 318         48.7%         50.4%         45.3%         46.5%           weelry & Watch Retail         Jan. 318         48.7%         50.4%         45.3%         47.3%           weelry & Watch Retail         Jan. 318         48.7%         50.4%         45.3%         47.3%           weelry & Watch Retail         July 31         4.7%         45.3%         47.3%         47.3%           weelry & Watch Retail         Jan. 315	ans mc.	interest o selection	970		-10.5%	-26.3%	6.0%	13.7%
welry & Watch Retail         Feb. 28°         7.5%         17.5%           welry & Watch Retail         Jan. 31°         -7.5%         -17.5%           welry & Watch Retail         Jan. 31°         -4.5%         0.9%           welry & Watch Retail         Jan. 31°         -4.5%         0.9%           welry & Watch Retail         Jen. 31°         -2.22%         -2.0%         -3.1%           welry & Watch Retail         Jen. 31°         -4.7%         0.6%           welry & Watch Retail         Jen. 31°         47.0%         47.4%         47.5%           welry & Watch Retail         Jen. 31°         43.5%         37.1%         48.5%           welry & Watch Retail         Mar. 31°         43.5%         37.1%         48.5%           welry & Watch Retail         Jen. 30°         46.5%         48.5%         59.3%           welry & Watch Retail         Jen. 31°         46.5%         45.3%         48.5%           welry & Watch Retail         Jen. 31°         46.5%         59.3%         45.3%           welry & Watch Retail         Jen. 31°         46.7%         50.3%         47.3%         47.3%           welry & Watch Retail         Jen. 31°         47.0%         45.3%         47.3%         47.3% <td>Jawelers, Inc.</td> <td>rewelly a Viduit Netal</td> <td>Mar. 3</td> <td></td> <td>70.57</td> <td>10 155</td> <td></td> <td></td>	Jawelers, Inc.	rewelly a Viduit Netal	Mar. 3		70.57	10 155		
welry & Watch Retail         Jan. 31°         -17.50°           y & Watch Retail         Jan. 31°         -17.50°           y & Watch Retail         Jan. 31°         -2.7%         6.2%           welry & Watch Retail         July 31         -2.2%         -3.1%           welry & Watch Retail         July 31         22.2%         -2.4%         -5.0%           welry & Watch Retail         Jen. 31°         47.6%         47.6%         47.8%           welry & Watch Retail         Jen. 31°         47.6%         47.4%         47.8%           welry & Watch Retail         Mar. 31°         43.5%         37.1%         48.5%           welry & Watch Retail         Jen. 31°         43.6%         45.3%         48.5%           welry & Watch Retail         Jen. 31°         43.6%         38.1%         58.3%           welry & Watch Retail         Jen. 31°         46.6%         39.1%         58.3%           weeky & Watch Retail         Jen. 31°         47.0%         47.5%         50.3%           weeky & Watch Retail         July 31         44.1%         42.5%         50.6%           weeky & Watch Retail         July 31         47.0%         47.6%         50.6%           welry & Watch Retail         Jen.	Jewelers inc. <sup>3</sup>	Jewelry & Watch Ketail	Feb. 23°		2 7			
y & Watch Manuf & Retail         Jan. 31 <sup>6</sup> -3.7%         B.2%           welry & Watch Retail         July 31         -4.5%         0.6%           welry & Watch Retail         July 31         -2.2%         -5.0%           welry & Watch Retail         Jen. 31 <sup>6</sup> 50.4%         49.7%           welry & Watch Retail         Jen. 31 <sup>6</sup> 47.6%         47.6%           welry & Watch Retail         Mar. 31 <sup>6</sup> 43.5%         47.6%           welry & Watch Retail         Feb. 28 <sup>6</sup> 49.0%         45.3%           welry & Watch Retail         Feb. 28 <sup>6</sup> 49.0%         45.3%           y & Watch Retail         Feb. 28 <sup>6</sup> 49.0%         45.3%           y & Watch Retail         Jen. 31 <sup>6</sup> 56.9%         58.7%         59.3%           weeky & Watch Retail         July 31         48.7%         50.6%         50.3%           weeky & Watch Retail         July 31         44.1%         45.3%         47.3%           weeky & Watch Retail         July 31         44.1%         45.3%         50.6%           weeky & Watch Retail         July 31         47.0%         45.3%         50.6%           welry & Watch Retail         Jen. 31         47.0%         45.3%	s Jewalers Inc. 4	Jewelry & Watch Retail	May 30		%B'/-	-14.638		40
weelry & Watch Retail         Jan. 31 <sup>6</sup> -4.5%         0.8%           weelry & Watch Retail         July 31         -2.0%         -3.1%           weelry & Watch Retail         July 31         22.2%         23.4%         5.0%           weelry & Watch Retail         Jen. 31 <sup>6</sup> 50.4%         49.7%         51.6%           weelry & Watch Retail         Jen. 31 <sup>6</sup> 47.6%         47.4%         47.8%           weelry & Watch Retail         Jen. 31 <sup>6</sup> 43.5%         47.6%         47.6%           weelry & Watch Retail         Jen. 31 <sup>6</sup> 43.5%         46.5%         48.5%           weelry & Watch Retail         Jen. 31 <sup>6</sup> 56.9%         45.3%         48.5%           weelry & Watch Retail         Jen. 31 <sup>6</sup> 56.9%         58.7%         50.8%           weelry & Watch Retail         July 31         44.1%         45.3%         47.3%           weelry & Watch Retail         July 31         44.1%         45.3%         47.3%           weelry & Watch Retail         July 31         44.1%         45.3%         47.3%           weelry & Watch Retail         July 31         47.0%         45.3%         47.3%           weelry & Watch Retail         Jen. 31         47.0%	*Co.*	Jeweiry & Watch Manuf & Retail	Jan, 31 <sup>6</sup>		2.7%	6.2%	17.2%	10.2%
welry & Watch Retail         July 31         5.0%         5.0%           welry & Watch Retail         July 31         2.2.2%         2.3.4%         3.1%           welry & Watch Retail         Jen. 31*         47.6%         49.7%         51.6%           welry & Watch Retail         Jen. 31*         47.6%         47.4%         47.8%           welry & Watch Retail         Jen. 31*         43.5%         37.1%         48.5%           welry & Watch Retail         Feb. 29*         49.0%         45.3%         48.5%           welry & Watch Retail         Jen. 31*         46.3%         46.5%         58.1%           welry & Watch Retail         Jen. 31*         46.5%         58.1%         58.3%           welry & Watch Retail         July 31         48.7%         50.5%         58.3%           welry & Watch Retail         July 31         47.0%         45.3%         47.3%           welry & Watch Retail         July 31         47.0%         45.3%         47.3%           welry & Watch Retail         July 31         47.0%         45.3%         47.3%           welry & Watch Retail         July 31         47.0%         47.3%         47.3%           welry & Watch Retail         Jen. 31*         47.0%	all Jewelers, Inc.	Jewelry & Watch Retail	Jan. 31 <sup>6</sup>		4.5%	0.6%	1.1%	3.0% 3.0%
-2.0% -3.1% -4.7% -0.6% -3.1% -4.7% -6.2% -3.1% -4.7% -6.6% -4.7% -6.6% -4.7% -6.6% -4.7% -6.6% -4.7% -6.6% -4.7% -6.6% -4.7% -4.7% -6.6% -4.7% -4.7% -6.6% -4.7% -4.6% -4.7% -4.7% -4.6% -4.7% -4.7% -4.7% -4.7% -4.6% -4.7% -4.7% -4.6% -4.7% -4.7% -4.6% -4.7%	movalien	Leweiry & Watch Retail	July 31		15.0%	5.0%	%B'D	4.2%
welry & Walch Relail         Oec. 31         22.2%         23.4%         0.6%           welry & Walch Relail         Jen. 31*         50.4%         49.7%         51.6%           welry & Walch Relail         Jen. 30*         47.0%         47.4%         47.6%           welry & Walch Relail         Mar. 31*         43.5%         37.1%         43.5%           welry & Walch Relail         Mar. 31*         49.0%         45.3%         48.5%           welry & Walch Relail         Jen. 33*         46.6%         32.0%         28.1%           welry & Walch Relail         Jen. 33*         56.9%         58.7%         59.3%           welry & Walch Relail         Jen. 33*         44.1%         42.5%         50.5%           welry & Walch Relail         July 31         44.1%         42.5%         50.6%           welry & Walch Relail         July 31         47.0%         47.3%         47.3%           welry & Walch Relail         Jen. 31*         47.0%         50.6%         50.6%           welry & Walch Relail         Jen. 31*         47.0%         45.3%         47.3%           welry & Walch Relail         Jen. 31*         47.0%         45.3%         47.3%					-2.0%	-3.1%	8.0%	6.7%
welry & Walch Retail         Oac. 31         22.2%         23.4%         23.5%           welry & Walch Retail         Jan. 31°         50.4%         49.7%         51.5%           welry & Walch Retail         Jan. 31°         47.0%         47.4%         47.8%           welry & Walch Retail         Mar. 31°         43.5%         37.1%         47.8%           welry & Walch Retail         Feb. 23°         49.0%         45.3%         48.5%           welry & Walch Retail         May 30         40.6%         32.0%         28.1%           y & Walch Retail         Jan. 31°         56.9%         58.7%         59.3%           weeky & Walch Retail         July 31         48.7%         47.5%         47.3%           weeky & Walch Retail         July 31         47.0%         45.3%         47.3%           welry & Walch Retail         Dec. 31         47.0%         47.3%         47.3%           y Walch Retail         Jan. 31°         9.1%         8.1%         8.0%		Gedjas			-4.7%	9.6%	4.4%	7.2%
weelry & Walch Retail         Oac. 31         22.2%         23.4%         23.5%           weelry & Walch Retail         Jan. 31°         50.4%         49.7%         51.5%           weelry & Walch Retail         Sept. 30         47.6%         47.6%         47.6%           weelry & Walch Retail         Mar. 31°         43.5%         37.1%         33.5%           weelry & Walch Retail         Feb. 28°         49.0%         46.3%         48.5%           y & Walch Retail         Jan. 31°         58.3%         58.1%         58.1%           weelry & Walch Retail         Jan. 31°         38.8%         39.1%         37.5%           weelry & Walch Retail         July 31         44.1%         42.5%         42.3%           weelry & Walch Retail         July 31         47.0%         45.3%         47.3%           weelry & Walch Retail         Jan. 31°         47.0%         45.3%         47.3%           weelry & Walch Retail         Jan. 31°         47.0%         45.3%         47.3%	PROFIT MARGIN							•
weelry & Watch Retail         Jen. 31°         50.4%         49.7%         51.5%           weelry & Watch Retail         Sept. 30         47.0%         47.4%         47.8%           weelry & Watch Retail         Mar. 31°         43.5%         37.1%         47.8%           weelry & Watch Retail         Feb. 23°         49.0%         45.3%         48.5%           weelry & Watch Retail         May 30         40.6%         32.0%         28.1%           weelry & Watch Retail         Jan. 31°         56.9%         58.7%         59.3%           weelry & Watch Retail         July 31         48.7%         50.4%         50.3%           weelry & Watch Retail         July 31         47.0%         47.3%         47.3%           weelry & Watch Retail         Jec. 31         47.0%         45.3%         47.3%           weelry & Watch Retail         Jan. 31°         9.1%         5.0%         50.9%	Companies Inc 1	Jeweiry & Watch Retail	Oac. 31	22.2%	23.4%	23.5%	21.1%	20.6%
weelry & Watch Retail         Sept. 30         47.9%         47.4%         47.8%           weelry & Watch Retail         Mar. 31°         43.5%         37.1%         33.5%           weelry & Watch Retail         Feb. 28°         49.0%         45.3%         48.5%           weelry & Watch Retail         Jan. 31°         56.9%         58.7%         58.1%           y & Watch Retail         Jan. 31°         38.8%         59.3%         59.3%           weelry & Watch Retail         July 31         48.7%         50.6%         50.6%           weelry & Watch Retail         July 31         44.1%         42.5%         47.3%           weelry & Watch Retail         Dec. 31         4.7%         45.3%         50.6%           weelry & Watch Retail         July 31         4.7%         45.3%         47.3%           weelry & Watch Retail         Jan. 31°         9.1%         5.0%	Total inc.	Jeweiry & Watch Rebail	Jan. 31 <sup>6</sup>	50.4%	49.7%	51.6%	51.2%	50.6%
weelry & Watch Rehall         Mar. 31 <sup>8</sup> 43.5%         37.1%         33.5%           weelry & Watch Rehall         Feb. 28 <sup>6</sup> 49.0%         45.3%         48.5%           weelry & Watch Rehall         Jen. 31 <sup>6</sup> 56.9%         32.0%         26.1%           y & Watch Rehall         Jan. 31 <sup>6</sup> 56.9%         39.1%         26.3%           weelry & Watch Rehall         July 31         48.7%         50.6%         50.6%           weelry & Watch Rehall         July 31         44.1%         42.5%         50.6%           weelry & Watch Rehall         Dec. 31         47.0%         45.3%         47.3%           weelry & Watch Rehall         Dec. 31         4.3%         47.7%         50.6%	2 nl n lac 2	Jewelry & Watch Retail	Sept. 30	47.0%	47.4%	47.6%		
weeky & Watch Rebil         Feb. 31%         48.9%         45.3%         48.5%           weeky & Watch Rebil         May 30         40.6%         32.0%         28.1%           y & Watch Rebil         Jan. 31°         56.9%         58.7%         59.3%           weeky & Watch Rebil         Jan. 31°         18.8%         39.1%         37.5%           weeky & Watch Rebil         July 31         44.1%         42.5%         50.6%           weeky & Watch Rebil         July 31         44.1%         45.3%         47.3%           weeky & Watch Rebil         Dec. 31         4.7%         45.3%         47.3%           weeky & Watch Rebil         Jan. 31°         9.1%         5.0%	and acceptance for	lewelv & Watch Retail	hane 216	43.5%	37.1%	33.5%	41.5%	42.7%
weelry & Watch Retail         Feb. 32,0%         32,0%         28,1%           weelry & Watch Retail         Jan. 31°         56,9%         58,7%         59,3%           y & Watch Retail         Jan. 31°         38,8%         39,1%         27,5%           weelry & Watch Retail         July 31         48,7%         50,4%         50,6%           weelry & Watch Retail         July 31         44,1%         42,5%         42,3%           47,0%         45,3%         47,3%         47,3%         47,3%           weelry & Watch Retail         Jan. 31°         4,3%         4,7%         8,0%           swelry & Watch Retail         Jan. 31°         9,1%         8,1%         8,0%	3	fewalnt & Watch Rebail	Eak 386	49.0%	45.3%	48.5%		
56.9% 58.7% 59.3% 59.3% 56.9% 58.7% 59.3% 72.5% weeky & Watch Retail Jan. 31° 31.8% 59.1% 27.5% 39.1% 44.1% 42.6% 50.4% 50.6% 42.3% 47.0% 45.3% 45.3% 47.3% 45.3% 47.3% 45.3% 47.3% 45.3% 47.3% 45.3% 47.3% 45.3% 47.3% 45.3% 47.3% 45.3% 47.3% 45.3% 47.3% 47.3% 45.3% 47.3% 45.3% 47.3%	Jewelols Hile.	tamelor & Malch Relail	May 30	40.6%	32,0%	26.1%		
Weeky & Watch Retail     Jan. 31*     38.5%     39.1%     37.5%       Weeky & Watch Retail     July 31     48.7%     50.4%     50.6%       Weeky & Watch Retail     July 31     44.1%     42.5%     42.3%       47.0%     45.3%     47.3%     47.3%       Swerry & Watch Retail     Jan. 31*     4.3%     4.7%     8.0%       Swerry & Watch Retail     Jan. 31*     9.1%     8.1%     8.6%	is Jewelers inc.	liebon & direct handle a relative	3	56.9%	58.7%	59,3%	57.9%	55.8%
Weeky & Watch Retail         Jan. 31*         Jan. 31*<	8 G.	Jewelly & Making a News	Jan. 51	708 00	20 100	27.5%	36.9%	33.8%
weeky & Watch Keeal     July 31     44.1%     42.5%     42.3%       47.0%     45.3%     47.3%     47.3%       welry & Watch Retail     Dec. 31     4.3%     4.7%     5.0%       swelry & Watch Retail     Jan. 315     9.1%     8.1%     8.6%	all Jawelers, Inc.	Jeweny & wasten Katali	Jan. 31	or ex	20.197	729 05	50.2%	54.3%
44.1% 42.6% 42.3% 47.3% 47.3% 47.3% 47.3% 47.3% 47.3% 47.3% 47.3% 43.3% 4.7% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0% 5.0	arporation	Jewelly & Watch Ketal	te funt	40.04	2 - 3	2000	2 7 67	104 67
47.0% 45.3% 47.8% 4 swelry & Walch Retail Dec. 31 4.3% 4.7% 5.0% 5.0% 9.1% 8.6% 8.6%		Average		44.1%	42.6%	42.3%	43.1%	42.0%
swelry & Watch Retail Dec. 31 4.3% 4.7% 5.0% 8.6% 8.6% 8.6%		Median		47.0%	45.3%	47.8%	46.9%	46.8%
Jewerly & Watch Retail Dec. 31 4.3% 4.7% 5.0% Jewerly & Watch Retail Jen. 3.1 9.1% 8.6%	ING PROFIT MARGIN (E	BITDA MARGIW						
Jeweiry & Watch Retail Jan. 31 <sup>5</sup> 9.1% 8.1% 8.6%	In Indiana	Jewelry & Watch Retail	Dec. 31	4.3%	4.7%	5.0%	5.2%	4.1%
	Ememorises, Inc.	Jewelry & Watch Retail	Jan. 31 <sup>5</sup>	9,1%	8.1%	8.6%	8.2%	8.036
Jewelin & Warth Refail Sept. 30 11.5% 8.2%		fewer's Warch Retail	Seot. 30	11.5%	8.2%	10.8%		

Exhibit 7

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8.3% 0.9% 10.1% 7.7%

6.6% 8.6%

4.9% 8.1%

9.0% 8.8%

Median

Nofes:

Whitehall Jewelers, Inc. Samuefs Jewelers Inc. \* Mayor's Jewelers, Inc. Reeds Jewelers Inc.<sup>3</sup>

Zale Corporation Tilfany & Co.5

5,1%

THE CARRIGAN LAWFIRM

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Confidential

2004 0.8% 9.8% 7.7% 6.7% -0.2% 2003 2.1% 23.3% 9.2% -7.4% Operating Performance of Companies in the Jewelry Watch Retail and/or Manufacturing Industry 2002 23.4% 9.7% -1.3% -7.7% 9.8% ARY Jewelers, LLC, v. (BJTC Business Credit Corp. and David McGnario 2001 4.8% 4.8% 1.4% 22.4% 8.8% 13.9% 2000 Year Ended Mar. 31 Jan. 31<sup>5</sup> Jan. 31<sup>6</sup> řeb. 28³ May 30 July 31 Jewelry & Watch Manuf & Retail Jewelty & Watch Retail Jewetry & Watch Retail lewelry & Watch Retail Primary Industry

1. DGSE Comparies, Inc.'s principal activity is to sell jewelly and bullion products to both retail and wholesate customers throughout the United Stetes. it also mekes collected loans to individuals 2. In 2005 the Friedman's filed for Chapter 11 sankruptcy protection. The tatest available 10K of the company was filed on Dec. 29, 2002. 3. Operating psany 100 jewelry stores malny in malls on the East coast, Reeds offers diamond rings and Jewelry, gold Jewelry and chains, gemstone rings, watches, and other adomments. The family of president and CEO Alan Zimmer formed a new company called Sparkle, LLC in 2004 which bought out the company a few months later.

4. Semuels sells fine jewelry items brough about 102 jewelry stores in 18 states; stores are primarily located in regional shopping malis, power centers, and strip centers. Samuels also operates some stand-store stores and sells jewelry online at Samuels Jewelers.com. Plans announced for re-enrergence from banktuptcy include taking the company primate.

5. Tiffany & Co.'s principal activities are retailing and distributing jewefry, timepieces, starting, silverware, china, crystat, stationery, fragrances and personal accessories. We other activities include product designing and manufacturing activities.

8. Data for companies with fiscal years ending in the first quarter are reported under the prior year (i.e. Fiscal year end 01/31/05 is reported under 2004)